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MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD
SUSTAINABILITY AND MARKET DEVELOPMENT COMMITTEE

JOE SERNA, JR., CALEPA BUILDING
1001 I STREET
2ND FLOOR
COASTAL HEARING ROOM
SACRAMENTO, CALIFORNIA

TUESDAY, JULY 12, 2005
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Ms. Rosario Marin, Chairperson

Ms. Cheryl Peace

Mr. Carl Washington

STAFF

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Director

Ms. Marie Carter, Chief Counsel

Ms. Patty Wohl, Deputy Director

Mr. John Blue

Ms. Kaoru Cruz

Ms. Kathy Davis

Ms. Terri Edwards

Ms. Tara Gauthier

Ms. Sue Ingle

Mr. Jim La Tanner, Supervisor Recycling Market Development
Revolving Loan Program

Mr. Michael Leason, Supervisor, Plastic Recycling
Technologies

Mr. Phil Moralez, Manager, State and Local Assistance
Branch

Cara Morgan, Manager, Office of Local Assistance Branch

Mr. Kyle Pogue

Ms. Lorraine Van Kekerix, Manager, Waste Analysis Branch

Ms. Melissa Vargas

APPEARANCES CONTINUED

ALSO PRESENT

Ms. Yazmin, Arellano, City of Brawley

Mr. Terry Bosik, City of Roseville

Ms. Alyson Burleigh, Aurora Environmental Inc.

Mr. Bob Ferial, Imperial Valley Waste Management Task Force

Ms. Sue Gordon, Integrated Waste Management Department, County of Orange

Mr. Steve Lautze, California Association of RMDZs

Ms. Michele Leonard, SCS Engineers

Mr. Jackie Loper, City of Imperial

Ms. Ferial Mosley, City of Oakland

Dr. Robert Peoples, Carpet America Recovery Effort

Mr. Steve South, EDCO

Mr. Mike Tilley, City of Roseville

Mr. Matt Valentine, Assistant City Manager, City of San Marino

Mr. Al Vollbrecht, City of Murrieta

Mr. Darryl Wong, Utility Engineer, City of Milpitas

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1 PROCEEDINGS

2 CHAIRPERSON MARIN: Good morning. And welcome.

3 We're going to start our wonderful committee,

4 Sustainability and Market Development Committee of the

5 California Integrated Waste Management Board. Thank you

6 all for being here today. Jeannine, would you be so kind

7 to call the roll, please.

8 COMMITTEE SECRETARY BAKULICH: Yes, ma'am.

9 Peace?

10 COMMITTEE MEMBER PEACE: Here.

11 COMMITTEE SECRETARY BAKULICH: Washington?

12 COMMITTEE MEMBER WASHINGTON: Here.

13 COMMITTEE SECRETARY BAKULICH: Marin?

14 CHAIRPERSON MARIN: Here.

15 Okay. I get reminded all the time. I forget

16 about the ex partes.

17 So, Ms. Peace.

18 COMMITTEE MEMBER PEACE: I'm up to date.

19 CHAIRPERSON MARIN: Okay.

20 Mr. Washington.

21 COMMITTEE MEMBER WASHINGTON: I'm up to date.

22 CHAIRPERSON MARIN: And so am I.

23 Let's see that's it. I think everybody here has

24 been here before. If you haven't, you have an opportunity

25 to address the Committee when the item is before us. If

1 you need to address the Committee on items not on the
2 agenda, then you do that at the end of the Committee.

3 We have a full Committee today. I expect to be
4 through before lunch. Hopefully, we will do it. We won't
5 leave until we finish. So, no questions from Carl will be
6 allowed.

7 (Laughter.)

8 COMMITTEE MEMBER WASHINGTON: I only have 25.

9 CHAIRPERSON MARIN: Let me take the privilege of
10 the Chair -- actually, let me just do 2 things. Item 12
11 will be just an update, so there won't be a lot. It will
12 just have in Committee. It won't go to the Board. Item
13 15 will go to the full Board. And Item 25 will go to the
14 full board.

15 So with that are there, let's start -- Patty,
16 will you start with the first report.

17 DEPUTY DIRECTOR WOHL: Good morning, Board Chair
18 and Committee Members. Patty Wohl with the Waste
19 Prevention and Market Development Division. I have a
20 couple of quick things I wanted to announce. The first
21 being that the Notice of Funds Available for the reuse
22 assistance grants will be mailed to interested parties.
23 There will be \$250,000 available for projects promoting
24 reuse.

25 In addition, I wanted to give the Committee

1 members an update on the tire design competition. This
2 was a contract that was approved back in December of 2003.
3 We have approved that with Cal Expo. They're helping us
4 to do a design competition utilizing tire or crumb rubber.
5 So the idea was to see if we could find out new possible
6 products that could be developed out of tires, and then,
7 you know, give them some assistance maybe in getting those
8 marketed.

9 I have good news to report. We received 91
10 entries -- so that's great -- 21 companies and 6
11 individuals. We're kind of currently working with the
12 contractor on developing the award scheme for that. But
13 we feel like we'll have an individual group -- an
14 individual category and then a group category that would
15 be either a partnership or a company. We have most of the
16 judges secured. They're planning on doing the judging on
17 the fairgrounds on July 27th.

18 And then the reason we thought Cal Expo was such
19 a good contractor was that we could showcase the winners
20 at the State Fair. So they are agreeing from August 12th
21 to September 5th to showcase those. You know, how you
22 have those exhibits where you have the art projects and
23 different things. So we will be exhibiting there.

24 And then they do plan to have an event to, you
25 know, announce the winners. And we haven't really worked

1 out the date of that, but we'd be interested in Board
2 participation, as well as Cal Expo has a board, so it
3 would be kind of a partnership. So that's good news.

4 So with that, unless there's any questions, I'll
5 move right into my items.

6 CHAIRPERSON MARIN: Okay.

7 DEPUTY DIRECTOR WOHL: The first item is
8 Committee Item B or Agenda Item 11, Consideration of
9 Plastic Trash Bag Manufacturers and Wholesalers Compliance
10 with the Plastic Trash Bag Law for the 2004 Reporting
11 Period. And Sue Ingle will present.

12 (Thereupon an overhead presentation was
13 Presented as follows.)

14 MS. INGLE: Good morning, Board Members and Board
15 Chair.

16 CHAIRPERSON MARIN: Good morning, Sue.

17 MS. INGLE: My name is Sue Ingle, and I will be
18 presenting Agenda Item 11, Consideration of the Plastic
19 Trash Bag Manufacturers and Wholesalers Compliance with
20 the Plastic Trash Bag Law for the 2004 Reporting Period.

21 Publicly Resources Code 42297, Plastic Trash Bag
22 Law, requires all manufacturers and wholesalers of
23 regulated trash bags .7 mill and thicker to certify with
24 the State of California of their California sales. It
25 also requires the Board to publish a list of any

1 suppliers, manufacturers and wholesalers who have failed
2 to comply with the law.

3 The Department of General Services utilizes the
4 Board's published list to confirm eligibility for award of
5 contracts by the State of California. Manufacturers are
6 required to annually certify by meeting the law using one
7 of the following options:

8 --o0o--

9 MR. INGLE: They can manufacture plastic trash
10 bags with 10 percent or more post-consumer content; use 30
11 percent post-consumer resin in all plastic products; or
12 they can request an exemption due to insufficient quality
13 and quantity of post-consumer resins.

14 --o0o--

15 MS. INGLE: The summary of the manufacture filing
16 as of July 8th, 2005, which was last Friday, there were 83
17 certifications mailed in January of 2005 to manufacturers
18 of plastic trash bags. The group that met the
19 post-consumer resin content used between 10 percent and 60
20 percent of post-consumer resins in their regulated bags.
21 Notice the compliance results are slightly different than
22 those in the agenda item, as the item was last updated on
23 June 3rd.

24 None response manufacturers were given an
25 opportunity to respond by close of business July 8th, and

1 the agenda item will be updated to reflect those changes
2 before the Board meeting.

3 --o0o--

4 MS. INGLE: Wholesalers are required to annually
5 report to the Board the amount of plastic trash bags sold
6 into California. They report their shipping locations,
7 and identify the manufacturers and wholesalers from whom
8 they purchase regulated trash bags.

9 The results of the wholesaler certification are
10 shown on the table. There were 278 certifications mailed
11 to businesses with 81 demonstrating compliance. There
12 were 100 companies that did not respond and whose
13 regulatory status is yet to be determined.

14 Many of these companies were added to the
15 wholesaler certification for 2001 from a Department of
16 General Services bidding list and staff has found many of
17 these companies are not regulated.

18 Three wholesalers from this group have not
19 demonstrated compliance, with 1 of these wholesalers
20 submitting an incomplete form.

21 --o0o--

22 MS. INGLE: The nonresponse group of
23 manufacturers and wholesalers as of July 8th, 2005, staff
24 identified 29 companies that should have returned a
25 certification. These companies were identified by either

1 store surveys or past certifications that indicated they
2 sold regulated trash bags. Of this group, 19 demonstrated
3 compliance by returning certification forms by last
4 Friday. Five were determined to be out of compliance for
5 2004, and 1 company, OfficeMax, has submitted an
6 incomplete form with an Email notation that they will
7 return the missing data by July 22nd.

8 Staff has requested OfficeMax to return the
9 information by July 14th to meet the Board's public notice
10 for the agenda item. Meanwhile, OfficeMax has a large
11 contract with the State of California.

12 Here's a history of the post-consumer material
13 usage in regulated trash bags.

14 --o0o--

15 MS. INGLE: Since 2001, the amount of
16 post-consumer resin usage in regulated bags has decreased
17 by almost 50 percent. Yet the amount of trash bags sold
18 into California last year increased by about 9 percent.

19 --o0o--

20 MS. INGLE: Moving on to Option 1, this option
21 would adopt and publish -- okay, moving on to Option 1.
22 Okay, Option 1 would adopt and publish a combined list of
23 noncompliant manufacturers and wholesalers. This is
24 slightly different than the Board's adopted policy of
25 listing the manufacturers and wholesalers separately. But

1 it satisfies the requirements of the plastic trash bag
2 law.

3 This option also recommends adopting a list of
4 manufacturers that met the minimum post-consumer content
5 requirements. This is a new list and would include only
6 manufacturers that met the 10 percent minimum content
7 requirements. This list would assist state entities with
8 procurement purchasing requirements for the State Buy
9 Recycled Law.

10 --o0o--

11 MS. INGLE: Option 2 would adopt and publish the
12 same list as published in 1999. This option recommends
13 adopting a separate list of compliant manufacturers, a
14 separate list of compliant wholesalers, a separate list of
15 noncompliant manufacturers and a separate list a
16 noncompliant wholesalers.

17 --o0o--

18 MS. INGLE: Finally, staff recommends we adopt
19 Option 1. This concludes my presentation, and are there
20 any questions?

21 CHAIRPERSON MARIN: Sue, let me just ask you,
22 there was -- on the list that I was given that had the 29
23 names and many of them have already submitted, there's a
24 few still that are left. Of those that are left, there's
25 one apparently that is continuing -- that is going through

1 the process. Was that OfficeMax then?

2 MS. INGLE: Yes.

3 CHAIRPERSON MARIN: And they are fully aware that
4 our Board meets next week?

5 MS. INGLE: Yes. We've had numerous
6 conversations with their representative, and our legal
7 counsel has been in touch with their legal counsel. They
8 sent us a note saying that they would have the information
9 by July 22nd. And Friday afternoon, I sent them an Email
10 stating that that was not acceptable, and that they needed
11 to have the information to us by the 14th.

12 CHAIRPERSON MARIN: Is this something that
13 happens every year with them or was this unusual?

14 MS. INGLE: This was a bit unusual. Identifying
15 the nonrespondents is a process you have to go through
16 after all the certifications have been returned, and you
17 go through them. And then you decide who hasn't
18 responded. And this group was identified specifically
19 from store surveys, and also submitting from last the go
20 around.

21 So next year we're planning to do this
22 differently, and make sure that they're out sooner,
23 because this is a pretty tough deadline.

24 CHAIRPERSON MARIN: Yeah. I'm trying to figure
25 out, because it seems to me that we do a lot of business

1 with OfficeMax. And it seems to me that they should have
2 been aware that this is an ongoing yearly certification.
3 And why, you know, it must have been some kind -- I want
4 to give them the benefit of the doubt that somewhere
5 somehow that process was not properly done. But I want to
6 avoid this in the future, and I want to believe that we
7 will certify them properly.

8 MS. INGLE: Madam Chair, they had received the
9 certification in January. I received -- I got the -- we
10 send everything certified mail, so they -- I received a
11 green card back that they had received it. Now, where it
12 went from there, they don't know. So that's why we called
13 their legal counsel this week to let them know that the --
14 their legal counsel is in Chicago and the office that
15 received the certification is in Shaker Heights, Ohio.

16 DEPUTY DIRECTOR WOHL: Madam Chair, there was
17 some indication that the person that it was specifically
18 addressed to no longer worked there. So that could have
19 been some part of the delay or trying to get it to the
20 right location.

21 CHAIRPERSON MARIN: Yeah. Well, you know, if the
22 Board doesn't have it by the Board meeting, we're going to
23 have go and do our job. And I'm sure they wouldn't want
24 us to do our job, which will be to list them as
25 noncompliant.

1 MS. INGLE: They've submitted 80 percent of the
2 information --

3 CHAIRPERSON MARIN: Yeah, but we can't give them
4 80 percent.

5 MS. INGLE: -- but it's still incomplete.

6 DEPUTY DIRECTOR WOHL: So, Madam Chair, can I
7 make a comment. Our thought was to try and get them to
8 give the information by the 14th in order for us to post
9 it, and then it could remain on consent because you would
10 have the new list, and you would know who's on that list.

11 If they possibly can't meet that date, but we do
12 get it before the Board meeting, we could pull it off
13 consent, and just tell you the new information and say
14 that we have a slightly revised list that isn't posted,
15 but we could hand out hardcopies at the meeting, and that
16 would give them maybe 1 or 2 more days.

17 But we're inclined to say they have to -- you
18 know, by the Board meeting. Unless you feel they have a
19 compelling enough story that you want to give them, in
20 particular, you know, an extension. And then you could
21 approve it, you know, via that date and if we got the
22 data, we could go forward with the list.

23 So those are some of your options.

24 CHAIRPERSON MARIN: Well, I guess we have
25 conditionally approved things before, haven't we?

1 STAFF COUNSEL BORZELLERI: Yes.

2 CHAIRPERSON MARIN: It will be conditionally
3 approved provided that we received all of the information
4 before the Board meeting.

5 DEPUTY DIRECTOR WOHL: And even you could
6 conditionally approve, if you wanted -- if the story, like
7 I said, was compelling enough that you wanted to say,
8 okay, August 22nd is the drop-dead date, you could direct
9 us --

10 CHAIRPERSON MARIN: August, you mean --

11 DEPUTY DIRECTOR WOHL: July.

12 CHAIRPERSON MARIN: -- July. You're kinder than
13 I am.

14 DEPUTY DIRECTOR WOHL: I'm already in Santa Rosa,
15 I think.

16 (Laughter.)

17 DEPUTY DIRECTOR WOHL: You could direct us to
18 take that data, and if it's accurate, revise the list
19 accordingly and send you a memo or something like that.
20 That might be the way fallback plan.

21 CHAIRPERSON MARIN: No. I want to believe that
22 OfficeMax, you know, would do -- I think that they've done
23 it in the past, and something fell through the cracks.
24 We'll give them the benefit of the doubt, but we do want
25 that information before the Board meeting.

1 DEPUTY DIRECTOR WOHL: Okay. That's what we'll
2 direct them to do.

3 CHAIRPERSON MARIN: Thank you for your report.
4 Any further questions?

5 COMMITTEE MEMBER PEACE: I had a question. You
6 said the certification request went out in January, and
7 that the deadline is July 1st, is that what you -- what
8 was the deadline?

9 DEPUTY DIRECTOR WOHL: It's earlier than that.

10 PLASTIC RECYCLING TECHNOLOGIES SUPERVISOR LEAON:
11 The deadline was March 1st

12 COMMITTEE MEMBER PEACE: And the deadline is in
13 March, so we're still calling people and trying to -- why
14 do we do this?

15 PLASTIC RECYCLING TECHNOLOGIES SUPERVISOR LEAON:
16 For the record, this is Mike Leaon. I supervise the
17 Plastics Recycling Technology Section.

18 Yeah, this certification was handled a little
19 differently, because we included many companies that
20 hadn't previously been included in previous
21 certifications. So we wanted to do outreach to them to
22 give them the most opportunity, as we could, to get them
23 into the process and give them a chance to get their
24 certification forms in.

25 As you saw in Sue's presentation, we had about a

1 hundred companies that didn't respond, and a lot of those
2 were off of the DGS bid list. So we wanted to outreach to
3 them to give them an opportunity to get their
4 certification in.

5 Next year, as Sue alluded to, we would plan to be
6 much more stringent on the deadlines.

7 DEPUTY DIRECTOR WOHL: The only other thing that
8 occurs with this is as part of certification, they might
9 identify another company that we were not aware of. And
10 so we have to build in this sort of second piece, because
11 they maybe are doing business with a company that we
12 didn't certify at first, but now we're informed of. So we
13 either have to decide to go out for that certification
14 within a window or catch them in the following year. So
15 it's just --

16 COMMITTEE MEMBER PEACE: So right now there's no
17 penalty for being late?

18 DEPUTY DIRECTOR WOHL: Correct. Well, you get
19 put on this list. You become noncompliant, you get put on
20 this list.

21 COMMITTEE MEMBER PEACE: And how many companies
22 do we have that comply using the 30 percent post-consumer
23 content criteria, so we know?

24 PLASTIC RECYCLING TECHNOLOGIES SUPERVISOR LEAON:
25 This is Mike Leaon again. We have no companies that

1 comply through that option, and that would be 4

2 manufacturers not wholesalers.

3 COMMITTEE MEMBER PEACE: Okay, thank you.

4 CHAIRPERSON MARIN: Okay. With that let's go to

5 the next item then. We need to -- I'm sorry, I'm jumping

6 ahead. We need to adopt Resolution 2005-189. Is there a

7 motion for that?

8 COMMITTEE MEMBER PEACE: I'd like to move

9 Resolution number 2005-189, revised.

10 COMMITTEE MEMBER WASHINGTON: Second.

11 CHAIRPERSON MARIN: Moved by Ms. Peace seconded

12 by Mr. Washington.

13 Call the roll, please?

14 COMMITTEE SECRETARY BAKULICH: Peace?

15 COMMITTEE MEMBER PEACE: Aye

16 COMMITTEE SECRETARY BAKULICH: Washington?

17 COMMITTEE MEMBER WASHINGTON: Aye.

18 COMMITTEE SECRETARY BAKULICH: Marin?

19 CHAIRPERSON MARIN: Aye.

20 Okay. All right, the next item.

21 DEPUTY DIRECTOR WOHL: So we we'll put that on

22 con sent pending any additional information that comes in.

23 CHAIRPERSON MARIN: Yes.

24 DEPUTY DIRECTOR WOHL: Okay. The next item is

25 Committee Item C or Board Item 12, Update on Progress

1 Toward Achieving Goals of the Carpet Stewardship
2 Memorandum of Understanding. And John Blue will present.

3 (Thereupon an overhead presentation was
4 Presented as follows.)

5 MR. BLUE: Good morning, Madam Chair and Members
6 of the Committee. Today, I'm bringing an update on the
7 the Carpet Stewardship Memorandum of Understanding, that's
8 Agenda Item 12 on the Board packet.

9 --o0o--

10 MR. BLUE: First, a brief history. In 2001, the
11 Board staff upon the invitation of the -- I believe, it's
12 Massachusetts Environmental Director joined in some
13 negotiations that were already underway addressing the
14 issue of disposal of carpet and recycling.

15 And in January 2002, California and a number of
16 other states and the U.S. EPA signed the MOU under
17 Secretary Hickox's signature.

18 --o0o--

19 MR. BLUE: The participants in the negotiation
20 included several states, U.S. EPA, the carpet industry,
21 represented both through their trade association and
22 members of individual companies. Approximately 99 percent
23 of the carpet industry participated in negotiating this.
24 A handful of non-governmental environmental organizations.

25 --o0o--

1 MR. BLUE: In summary, the goals of the MOU were
2 pretty aggressive. First, to start a third-party
3 organization to sort of shepherd the goals, and ultimately
4 to divert 40 percent of the carpet waste by 2012. But
5 you've got a very aggressive goal considering carpet
6 diversion at this point was pretty much negligible.

7 --o0o--

8 MR. BLUE: Each year we come back before the
9 Board to sort of give you an update on the progress. And
10 the goal if we were to stretch out that 40 percent 10-year
11 goal, the goal for 2004 would be about 7.9 percent
12 diversion. And based on the annual report, we actually
13 achieved somewhere closer to 2 and a half percent, 2.4
14 percent.

15 --o0o--

16 MR. BLUE: Now, the first question is really what
17 does this mean? What do these numbers mean?

18 And one way to look at this, it does show a
19 significant increase over the prior year, 15 and a half
20 percent. Things are happening. This is a nationwide
21 figure. Really, the lion's share of carpet diversion does
22 occur in California, both through LA Fibers in Los Angeles
23 and through a new recycler in Fresno or new carpet
24 recycler in Fresno, Chamlian, both who are the larger
25 recyclers in the United States.

1 And quite importantly this was a voluntary survey
2 of recyclers, and they really only had a 7 percent
3 response rate. Although, I would argue that they did
4 capture the bigger recyclers.

5 Looking at this number, if we assume what I was
6 assuming earlier, that the bulk of the recovery is in
7 California, California's recovery rate is between 15 and
8 20 percent. And that's using good disposal data for
9 carpet for the state.

10 --o0o--

11 MR. BLUE: As I mentioned, carpet disposal --
12 just this past year we got our first look at what some
13 real numbers are regarding carpet disposal. Every year
14 carpet, when they looked at waste characterization studies
15 in prior years, carpet was always thrown into a category
16 called other or organics or something like that, which was
17 really hard to pull out, because that included like, you
18 know, organic materials like plant materials.

19 In this waste characterization study they found
20 about 840,000 tons per year disposal in California. And
21 based on the numbers that we were using, industry
22 estimates of disposal, we were expecting somewhere in the
23 order of about 300,000 tons per year, when we negotiated
24 the MOU.

25 So, in actuality, there's a lot more carpet going

1 into the landfill than when we first took a look at this
2 or we were looking at this.

3 --o0o--

4 MR. BLUE: A couple of -- to look at the
5 disparity, some of this -- I suspect a large part of
6 this -- really relates to market trends, shifts in
7 consumer tastes. Before carpet was always the upgrade.
8 You went from wood floor or whatever you put wall to wall
9 carpeting, that was the upgrade. Now, the upgrade is
10 hardwood floor or laminate woodflooring. Carpet is
11 actually coming out of homes.

12 Possibly, there's greater than expected product
13 turnover carpet is not lasting or not staying in homes or
14 businesses as long as the industry estimated when we
15 calculated the original number. And this could be a
16 temporary bump in disposal.

17 Unfortunately, we're not expected to take a look
18 at another waste characterization study for a couple of
19 years, so we won't know. And one thing that would be
20 important to take a look at, which I don't know if I can,
21 but the question is, does this disposal exceed industry
22 production? And that would tell us pretty quickly whether
23 or not this was sort of a bump -- an anomaly in disposal.

24 Under the MOU, the State and the government
25 participants or one of our big obligations was to look at

1 procurement to encourage diversion of carpet through our
2 purchasing. California purchases a zillion dollars of
3 carpet each year.

4 --o0o--

5 MR. BLUE: And the recent green procurement
6 action plan that we've started on identifies carpet as a
7 priority. And over the past year or more staff has been
8 working with DGS and other state agencies, predominantly
9 environmental and health related State agencies, the U.S.
10 EPA and industry on a nationwide effort to develop a green
11 or EPP or Environmentally Preferable Procurement
12 specification of carpet. And out of that we developed a,
13 what we're calling, the California Gold Carpet Standard
14 specifically for California carpet purchases.

15 This standard would have a fairly aggressive 10
16 percent post-consumer content to be SBRC compliant.

17 --o0o--

18 MR. BLUE: And with minimal chemical emissions
19 and a product reclamation board for the companies that's
20 pegged to the MOU goals. The goals of the MOU included
21 reclamation programs at businesses, which are fairly
22 achievable.

23 --o0o--

24 MR. BLUE: We had a meeting in May. We brought
25 the external stakeholders some carpet manufacturers and

1 designers, and so forth together to take a look at what we
2 were proposing. We were talking comments on the proposal
3 through July, and we're going to have follow-up meetings
4 with intern and external stakeholders in August. This is
5 a fairly rigorous and involved project. It represents a
6 lot of work.

7 We're anticipating a DGS management memo by the
8 end of this year, which would then put it in the SAM or
9 the PAM, the Procurement guide they use, so that all
10 carpet purchases in California would hopefully fall under
11 this new specification.

12 --o0o--

13 MR. BLUE: Taking a look at sort of trends, what
14 are the factors affecting achievement of the MOU goals?

15 Of course, the downward pressure, probably most
16 significantly, the closure of the Evergreen Nylon
17 Recycling Facility just prior to the signing of the MOU
18 continues to have a negative impact on the achievement of
19 the goals by limiting the amount of post-consumer nylon
20 fiber available for use.

21 As I mentioned, there is the lack of
22 post-consumer nylon. As far as I know, the only
23 repolymerization plant in North America is in Canada. And
24 it's a fairly small facility.

25 And I still remain concerned about a lack of

1 industry investment in infrastructure that we'll need to
2 address the problem. And also significant concern --
3 consumers aren't demanding sustainability and recycled
4 content. This is a hard nut to crack.

5 Hopefully, by the State stepping up with a
6 purchase requirement with post-consumer content. That
7 would help encourage industry and other consumers to
8 demand similar content.

9 Upward pressure, things encouraging the
10 achievement of the goals. We are seeing more recycling
11 investment by outside entrepreneurs. And there is an
12 increasing demand from Asia really for all plastics,
13 including carpet. Nylon is a fairly valuable plastic.

14 Rising oil prices are also stimulating demand.
15 People are looking at recycled content now that virgin is
16 more expensive.

17 Another issue that may have a significant impact
18 on carpet recycling is that there is a flame retardant ban
19 taking effect next year that affects foam carpet pad,
20 rebond foam pad, that will negatively impact that
21 industry. And one of the competitors to that product is a
22 fiber pad, made with recycled -- or post-consumer carpet
23 fiber coming out, both from LA Fibers and Chamlian. And
24 there are some other post-industrial products back east.

25 --o0o--

1 MR. BLUE: Additionally, we're seeing an
2 increased visibility of carpet as a resource for people
3 who are manufacturing a product that can be made from
4 recycled plastic, they're seeing carpet is an available
5 plastic material that they can use in their manufacturing.
6 We saw a handful of new manufacturers at the recent MOU
7 conference, Carpet MOU Conference, this spring, where
8 manufacturers completely unrelated to the carpet industry
9 were turning to carpet as an easily available source of
10 plastic for their products.

11 --o0o--

12 MR. BLUE: Looking into the future, we expect to
13 see -- I expect to see continued growth in recycling and
14 recovery.

15 CHAIRPERSON MARIN: Looks like you, Mark.

16 MR. BLUE: Looks like me before I had my haircut.

17 (Laughter.)

18 MR. BLUE: And, hopefully, if we do get our
19 procurement requirement in place, we'll be driving
20 increased demand for more post consumer nylon.

21 --o0o--

22 MR. BLUE: In summary, oil prices and worldwide
23 economic trends were going to drive the process -- will
24 continue to drive the process unless we see significantly
25 increased capital investment by the carpet and fiber

1 industry. Now, every time I bring this up, I'm told by
2 the industry that we are doing things, but it's a secret.
3 This may be true, but I can't evaluate those sorts of
4 claims.

5 And that's really what, you know, the future will
6 show us.

7 Thank you. And following my presentation, I have
8 Dr. Bob Peoples who's the Executive Director of the Carpet
9 America Recovery Effort and sustainability manager for the
10 Carpet Rug Institute to talk about this issue.

11 CHAIRPERSON MARIN: Thank you, John. We really
12 appreciate your presentation. Are there any questions for
13 John?

14 Ms. Peace.

15 COMMITTEE MEMBER PEACE: You mentioned something
16 about having the State -- require the State to buy carpet
17 that had some post-consumer content in it. If the State
18 wanted to buy all their carpet with recycled content in
19 it, would there be enough out there carpet to buy that has
20 recycled content in it?

21 MR. BLUE: There are at least a couple of
22 manufacturers who could meet this requirement right now.
23 We might not see the breadth of products available that we
24 would like to see, but in the short-term, there are
25 products available. And I have been told by people who

1 are specifying these similar requirements that even
2 manufacturers who don't have a ready running line of
3 products can special -- can make a special production to
4 meet these requirements.

5 We're hoping that if we're buying all of our
6 carpet in this way, then the need for special lines will
7 be diminished when they convert to running lines, so the
8 product will be available widely and continuously.

9 CHAIRPERSON MARIN: I think that one of -- the
10 goal here is to recycle as much as possible of the
11 carpet -- the used carpet that is out there, but they also
12 recycle the leftovers of the production of new carpet. So
13 that's good as well.

14 And while we would want, and my desire and the
15 goal would be to recycle as much old carpet into new
16 carpet, we also must consider the fact that carpet is
17 being recycled into many other products. And as far as
18 we're concerned, the diversion is taking place. You know,
19 it's not going into a landfill.

20 So while not the optimum or the most desirable,
21 you know, the fact is that that is not ending in the
22 landfill, which is our primary concern. And whatever the
23 state, the State has an inordinate amount of push because
24 we purchase a lot, it's just quantity. So we want the
25 State to buy as much carpet that it has recycled content

1 in it.

2 Hopefully, that will lead to other other cities
3 and regular consumers to say, hey, that's really good for
4 the environment. But we're moving that way. I think that
5 while we would like to see more, I think, the steady
6 growth that I can see is steady. You know, the curve is
7 up. If it's not a straight linear curve, the curve is up
8 and so that's very good.

9 Any further comments?

10 COMMITTEE MEMBER PEACE: Is Mr. Peoples?

11 CHAIRPERSON MARIN: Yeah, he's going to make a
12 presentation.

13 COMMITTEE MEMBER PEACE: Okay. I'll ask him some
14 questions.

15 CHAIRPERSON MARIN: Thank you very much for your
16 work.

17 Mr. Peoples.

18 (Thereupon an overhead presentation was
19 Presented as follows.)

20 DR. PEOPLES: Good morning, Madam Chairperson and
21 members of the Board. First of all, thank you very much
22 for the opportunity. I know time is tight. This is the
23 proverbial example of peeling the onion and each layer you
24 take down, there's more detail.

25 So I'm going to try to give you a very high level

1 synopsis here. But I also want to thank the State of
2 California for their leadership participation in what
3 we're trying to accomplish. And I particularly want to
4 acknowledge John Blue because he's been actively involved
5 in the dialogue that we've got going on here. If you're
6 going to tackle a tough problem, you need everybody's
7 perspective, so I think that's critical.

8 --o0o--

9 DR. PEOPLES: Let me just give you a little bit
10 of a benchmark. You can see on this slide an example of
11 some of the recycle levels that are documented in the
12 literature for a variety of different industries. And you
13 can see some of them are pretty high and very successful.
14 Some of them are fairly low. But what I want to point out
15 to you is these numbers are all predicated on programs
16 which, by and large, have been in place for a decade or
17 more.

18 They've got a good foundation. The CARE
19 organization has been around basically for 3 and a half
20 years. And the first year or so, maybe 18 months, was
21 really spent trying to figure out who we are, where we're
22 going and how to get there.

23 We started with absolutely a blank sheet of paper
24 with no information about what was going on and how we go
25 about going forward. I kind of think we've had -- we've

1 made some pretty good progress during that time.

2 --o0o--

3 DR. PEOPLES: This chart will just give you a
4 kind of a graphic summary of what John has shared with
5 you. You can see that the diversion that's taken place
6 over the last 3 years, that we've actually conducted a
7 quantitative survey has increased. Yes, there's a gap
8 between the MOU goals and actual diversion. And I'm going
9 to speak to that in just a minute. But one of my big
10 concerns is starting a process of collecting the data from
11 the beginning is it's very difficult to establish your
12 base of information.

13 Since the CARE annual meeting took place the
14 second week of May, I have had face-to-face discussions
15 with people and quantitated the fact that we missed 15
16 million pounds of diversion, which I've reflected in that
17 little bullet on the right-hand side, which says that the
18 report is issued, and the report documents 108 million
19 pounds. But, in fact, I know the number is about 123
20 million pounds, which is about a 31 percent increase over
21 the year before.

22 Why is that important?

23 --o0o--

24 DR. PEOPLES: Well, before I share that with you,
25 I also want to give one other key piece of information.

1 The mission of CARE is to develop market based solutions
2 for the reuse and recycle of post-consumer carpet.

3 Why market-based solutions?

4 Because we live in a free-enterprise system, and
5 if we can't make money doing this, it's going to be very
6 hard to push this thing uphill. Ninety-eight percent of
7 everything that was documented in terms of diversion last
8 year went into reuse and recycle not into waste to energy.
9 Waste to energy was only about 8 percent. We consider
10 that one option out of the puzzle of options that we're
11 trying to put together here.

12 --o0o--

13 DR. PEOPLES: So where are we going in the
14 future?

15 Let me just take a few minutes to explain this
16 chart to you. The bars in the light blue color represent
17 actual numbers measured in our surveys. I've left the 108
18 pounds here, because that's what's documented in the
19 report. The bars to the right represent an analysis that
20 was conducted by the carpet industry by hiring an
21 independent academic person from Georgia Institute of
22 Technology where he went out and interviewed all the
23 carpet mills, and all the entrepreneurs that we could get
24 our hands on and asked them to document confidentially
25 what they thought their programs would contribute in terms

1 of diversion going out through the year 2008.

2 We put all those numbers in a sanitized
3 spreadsheet. And then I discounted all of those
4 contributions that were projected by 50 percent, so all
5 the green bars, which represent what we think could happen
6 in the future, have been discounted by 50 percent, and you
7 can see what the projected diversion rates might look.

8 The green bars represent what we think noncarpet
9 industry people will contribute. The blue bars what the
10 carpet industry will contribute.

11 But more importantly -- there we go -- that blue
12 line that's just appearing on your chart represents the
13 linear increase in the targeted diversion based on the
14 CARE MOU. In a nutshell what I would say is when we
15 created those targets 3 years ago, we had no knowledge of
16 where we were, no idea how we would get there, and we'd
17 said well ramp up from 0 to 40 percent diversion.

18 The problem is that's not realistic. It's not
19 realistic to assume you can climb a linear curve. So what
20 we've done, based on market development literature for the
21 introduction of new products and new technology into the
22 U.S. market, we know that the literature shows us that you
23 really follow an S curve. You have a slow rise initially
24 while you have early adopters testing the market and
25 developing new technology and products.

1 And then when people begin to become convinced
2 that a reliable quality of material, a reliable quantity
3 of material at a reasonable price will become available,
4 they'll start to jump in and participate. What that says
5 is as we look forward into the years 2006, and especially
6 2007 and 8 and 9, you can see as that curve turns up, we
7 see a rapid increase in the diversion that's projected to
8 take place and in fact starts to approach around the year
9 2009, 2010 actually hitting what we think are the CARE
10 targets.

11 Now you're looking at the guy that spends 24
12 hours a day trying to figure out how to do this, and it's
13 like riding a roller coaster. Sometimes I think to myself
14 how are we ever going to do this. And then I tell you I
15 get so excited because I really think we can do it.

16 --o0o--

17 DR. PEOPLES: And the reason I think we can do it
18 was because we have a lot of people involved in what's
19 going on right now. This is kind of an estimated
20 breakdown of the contributors to what that diversion might
21 look like in 2006. You have carpet industry, which
22 contributes around 20 percent or so. The use of cement
23 kilns, which have a unique story, which I will not go into
24 right now, and power outlets contributing a substantial
25 amount, and then entrepreneurs another third, as we go

1 forward.

2 A good mix of possibilities, knowing that all of
3 the options we have on the table are not going to manifest
4 themselves.

5 --o0o--

6 DR. PEOPLES: So let me kind of wrap this up by
7 saying this slide shows to you a collection or collage of
8 a a variety of different products, many of them are not
9 made in the carpet -- made from -- not made into carpet.
10 There are other products, noncarpet products. In
11 addition, the carpet industry is working very aggressively
12 toward carpet-derived products.

13 In the end, I think we have a large variety of
14 options here which offer to me a great probability of
15 success as we go forward. We have to walk before we can
16 run. I think it's premature to judge the CARE
17 organization as not meeting its targets. I feel very good
18 that we're on the right trajectory here.

19 I'm going to stop there and offer to answer any
20 questions. And if you need more details, we can always
21 follow-up subsequent to this discussion.

22 CHAIRPERSON MARIN: Than you, Dr. Peoples.

23 I know Ms. Peace wanted to ask a couple of
24 questions.

25 COMMITTEE MEMBER PEACE: The diversion numbers

1 you're talking about, are you using the new diversion
2 numbers from California, because originally we only
3 thought that -- I guess with the new numbers we got --
4 that there's actually 3 times more carpet than we thought
5 going into landfills. Are you using those new numbers or
6 the old numbers?

7 DR. PEOPLES: We're not using those numbers yet,
8 because we've not figured out -- well, first of all, we
9 haven't validated the numbers. And second of all, all of
10 this data is just kind of hot off the press. So this is
11 evolving as we go. So, no, we've not rolled those new
12 numbers in yet.

13 I'd really like to know whether those numbers in
14 California reflect what's going on nationally. If we've
15 got an aberration based on the marketplace. John Blue and
16 I have spent a fair bit of time talking about why the
17 numbers appear higher out here, and we don't have good
18 answers yet.

19 COMMITTEE MEMBER PEACE: I thought our waste
20 diversion study was pretty accurate.

21 CHAIRPERSON MARIN: The characterization.

22 COMMITTEE MEMBER PEACE: The Characterization
23 Study, I'm sorry. So you said the MOU was signed in
24 January '02 and 99 percent of the carpet industry signed
25 that MOU. So what exactly have you been doing? Is there

1 any capital investment that you've made?

2 DR. PEOPLES: Yeah. There's a substantial amount
3 of capital being invested by the carpet industry. I can't
4 quantitate the number because they won't share that with
5 me. As John mentioned, there's some proprietary marketing
6 reasons why people don't want to share some of the details
7 of those programs.

8 However, I can tell you that, for example, Mohawk
9 Industries manufactures a variety of products that they
10 use internally in the manufacture of carpet, cores and
11 cones for processing rolls of carpet and yarns in the
12 manufacturing operation, that are made 100 percent from
13 waste generated in the manufacturing operation. That's
14 waste not going to the landfill.

15 Shaw Industries just announced a 2 and a half
16 million dollar investment they'll be starting up an energy
17 recovery plant that will supply steam to their carpet
18 manufacturing. One of their carpet manufacturing
19 operations that's derived from the energy embodied to the
20 carpet that will not go to the landfill in the Dalton
21 area.

22 There's a variety of new products that you hear
23 about, kind of, periodically. We just had a large
24 commercial carpet show in Chicago, where companies will
25 announce new carpet products coming out with post-consumer

1 content in them. Carpet tiles is a segment of the market
2 place that's growing quite rapidly right now. Carpet
3 tiles have an advantage for post-consumer carpet, because
4 they weigh more per square yard than broadloom does. And
5 they have a thicker backing. That's where the weight
6 comes from.

7 It's much easier to put post-consumer material
8 that is less pure, if you will, into that backing system,
9 than it is to get it pure enough to spin back into the
10 fiber of the face. There are substantial efforts going
11 on, behind the scenes, to be able to figure out how to
12 spin post-industrial and post-consumer carpet derived
13 materials back into face fibers.

14 I suspect it's going to be 3, 4, 5 years before
15 those manifest themselves as commercial operations. And
16 the primary reason is it's very difficult to get a
17 material pure enough economically to spin back into the
18 face fiber. But I can tell you for a fact the research is
19 going on.

20 My comment earlier about climbing that curve is I
21 think we have to walk before we can run. The point is, I
22 think we're walking in the right direction.

23 COMMITTEE MEMBER PEACE: And what kind of
24 recovery infrastructures are out there?

25 DR. PEOPLES: Well, there's about 10 or 11 mostly

1 entrepreneurs across the United States today that are at
2 various levels of recovery of post-consumer carpet. They
3 equal about 123 million pounds today, and that number will
4 grow pretty substantially, probably again by another 15 to
5 30 percent next year. They're taking carpet back by a
6 variety of business models, and they're diverting it in
7 either noncarpet related products or into energy derived
8 options, and some of it is being shipped internationally,
9 primarily into India and Asia where they have a shortage
10 of petro-chemical based raw materials for their plastics
11 industries over there.

12 COMMITTEE MEMBER PEACE: Well, I guess it sounds
13 a little encouraging, but I still think a lot more could
14 be done. Do we hear this item again next year or do we
15 bring an update again next year?

16 DEPUTY DIRECTOR WOHL: We can, at your direction.
17 I think that's sort of what the Board directed last time
18 was we're going to stick with this, but give us an update
19 in you know a year to 18 months. So if you want that,
20 that's what we would do, bring it back and tell you what
21 kind of progress we're making next year.

22 CHAIRPERSON MARIN: Well, maybe what we need to
23 do is find out what -- and maybe we need some specific
24 study for our own purposes, what can we as a board do. I
25 mean CARE -- we may be the signators of an MOU, but what

1 specifically do we want as a board? Is this -- you know,
2 within all of the priorities that we already have, how
3 much more time, energy and effort will we need to spend on
4 this.

5 You know, I think that that's a bigger discussion
6 that needs to take place before, you know. Bringing this
7 up every year will do nothing unless we decide that we
8 want to focus this. And then we develop the programs and
9 grants or loans or whatever, but it needs to be in a
10 different context.

11 I appreciate the work that CARE is doing. You
12 know, we're the signators of that. I don't don't know how
13 much that we contribute to your work, but I think that we
14 need to have this discussion and, you know, as far as
15 within our priorities, because we can't say we want to do
16 this and then not put the resources.

17 DEPUTY DIRECTOR WOHL: Right now, basically it's
18 John Blue working on that. And maybe I can give some
19 context to this. This is also part of the EPP task force
20 that is feeding into the Green Action Team that the
21 Governor's heading up.

22 So this is one of our quick wins was to develop
23 that gold standard, and so we're going to take that
24 package in the memo through the Green Action Team, and
25 sort of get the commitment of the cabinet level

1 Secretaries to kind of push the purchase by State
2 government of this new carpet spec.

3 So really we feel like we're going to have -- we
4 might have some real momentum coming to kind of leverage
5 the State purchasing. And so we'd probably want to see
6 how that worked, and you know --

7 DR. PEOPLES: Madam Chair person, may I share one
8 more piece of information.

9 CHAIRPERSON MARIN: Only one.

10 DR. PEOPLES: I understand there is -- first of
11 all, we support and appreciate the goal procurement
12 process going forward, because the goal here is to create
13 demand for products that contain post-consumer carpet.
14 That's the only way to have value for what we're
15 collecting.

16 It's my understanding that there is an initiative
17 in California looking at greening the low-income housing
18 markets. And, as you can imagine, carpet covers the
19 floors of almost all of those establishments. And if we
20 could tie in post-consumer content into the cushion and
21 the carpets for those, we could start seeing 30 percent of
22 the market, which is commercial that's driving this today
23 spill over into the residential market, which is 70
24 percent of the volume in the U.S. and really increase the
25 demand for these products.

1 So I think there's a lot of leverage. And any
2 influence this board can have to help us get attention for
3 that dialogue, I think is a step in the right direction.

4 CHAIRPERSON MARIN: Thank you.

5 DR. PEOPLES: Thank you very much.

6 CHAIRPERSON MARIN: Okay. Thank you very much.

7 COMMITTEE MEMBER PEACE: Well, if you get
8 attention on this problem, when you say you're going to
9 bring this back, next year and we'll take a look at this
10 again, what I would like is if it doesn't look like we're
11 progressing any faster than what we are now, I'd like, in
12 your report, to have some sort of a legislative proposal
13 for us on how you think we can step this up and get the
14 recycling of carpet, you know, actually make some more
15 progress than what we are, whether it's an advanced
16 disposal fee, whether it's a requirement that
17 manufacturers put more recycled content into the product
18 whether it's a ban -- you know, a landfill ban on carpet
19 or whether it's a just conversion technologies.

20 I don't know, but when we hear this item again
21 next year, if you could have some proposals for us that
22 you think would work to get this going and then we can --

23 CHAIRPERSON MARIN: Well, that's fine. That's
24 one Board member speaking. I think that that discussion
25 needs to take place, whether all of the Board members feel

1 that that's exactly what we want to do, and within the
2 priorities.

3 I mean, if we decide to do that -- I mean, that's
4 for a different time. I don't want to do that and say
5 let's just do that next year. I think that that -- every
6 so often this Board has to decide is that more important
7 than something else, because whenever we make a mandate,
8 we also have to allocate resources to do that. We can't
9 just from the dais say we want this and we want that and
10 we want that and then --

11 COMMITTEE MEMBER PEACE. We can mandate anything
12 so it has to go the Legislature and that's a whole
13 process.

14 CHAIRPERSON MARIN: But even that, Ms. Peace, you
15 know that needs to be where the entire board decides that
16 that's a priority for us, and I don't know that we're
17 making that determination right here right now.

18 COMMITTEE MEMBER PEACE: That's why I say next
19 year when this comes forward and it looks like things are
20 still flat and things aren't moving as we would like them
21 to be, at that time we could consider whether we should
22 ask -- consider a legislative proposal.

23 I'm just asking staff to put together some things
24 that they think would help this move along quicker. I
25 just want their ideas and then we can decide do we want to

1 ask the Legislature to do some of these things or don't
2 we.

3 CHAIRPERSON MARIN: Okay. All right.

4 That leads us to Item number 13.

5 DEPUTY DIRECTOR WOHL: Item 13, Consideration of
6 Revisions to the Recycling Market Development Revolving
7 Loan Program General Loan Criteria.

8 And Jim La Tanner will present.

9 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
10 PROGRAM SUPERVISOR La TANNER: Good morning, Chair and
11 Committee Members. Jim La Tanner Supervisor for the
12 Recycling Market Development Revolving Loan Program.

13 Agenda Item 13 presents 4 considerations, some
14 revisions to 4 of the general criteria we use to evaluate
15 all loans irregardless of the type of project. In that
16 item, the first item is capping the RMDZ interest rate.
17 This is July. Typically, we announce the interest rate in
18 January and July based on what the controller SMIF rate.
19 That's currently 2.37 today.

20 Last year the Board changed the basis because the
21 interest rate dropped. If we did not have this agenda
22 item today, the interest rate would increase from 5.25
23 percent to the current prime rate which is 6.25. This
24 item is coming forward, there is a concern that we should
25 keep the interest rate -- perhaps cap it at 5 percent,

1 which over would allow manufacturing companies to have
2 easier access qualifying for loans. It makes them more
3 feasible to obtain a loan to buy more equipment to expand
4 operations.

5 Also, fi we cap it at 5 percent, pretty much the
6 income earned off these loans that we make would cover
7 almost 98 percent of the cost to administer the program.
8 If we didn't cap it, and went to the prime rate, we'd end
9 making a little profit, which would make more money
10 available for loans.

11 In the item I broke it down into 4 steps, 1
12 through 4. A is one option, don't change the basis, which
13 would mean leave it at prime. And B would be to cap it at
14 5 percent.

15 In item 2, in the past, we have a policy
16 internally not to loan on the same project twice. If a
17 company came to us and got a loan and bought equipment and
18 was diverting materials, and then they were able to get
19 more feedstock and more customers and they wanted to
20 expand, they could not come back for a second loan.

21 Subsequently, loans had to have a different
22 feedstock, different manufacturing process or different
23 endproduct in order to qualify for a subsequent loan.
24 Some companies have three or four products, which would
25 make them eligible for three or four loans.

1 We're proposing in here to eliminate that cap and
2 allow a company to come back for a second or third loan to
3 buy additional equipment to get additional diversion.

4 Item 3. We currently have a cap. If they do
5 obtain an RMDZ loan, right now they can only use \$500,000
6 toward the purchase of real estate. That was put in place
7 when our loan interest rate had dropped down to 1.9
8 percent, and a lot of companies came to us for real
9 estate. But in conjunction with that, they also still had
10 to increase diversion.

11 The 4th item. We currently do not allow a
12 borrower to use their primary residence as collateral for
13 the loan. The ZAs would like us to reconsider that
14 policy. Staff's recommendation is to continue not
15 allowing the personal residence, because at the last 2
16 board meetings we didn't. Also, the loan only funds 75
17 percent of a project. The borrower still has to come up
18 with 25 percent match in the form of either cash in the
19 business or a bank loan. Or if they wanted to they could
20 to a conventional -- get a home equity loan or refinance
21 it.

22 Hopefully, if you're looking at this on your
23 laptop, I tried to make it fit on one page.

24 So staff's recommendation is to go for capping
25 the interest rate at 5 percent; to allow loans for

1 expansion of the same project, some of the successfull
2 companies want to continue to buy more equipment to divert
3 more. But the other item is we want to cap how many
4 times -- how much a borrower can have outstanding at any
5 one time with the loan program.

6 If you cap the rate and you allow multiple
7 projects, there's going to be a run, we think, on that
8 money just a little bit.

9 Staff's recommendation is to allow a borrower and
10 the related entities affiliated with them to have no more
11 than 4 million outstanding principal balance on all RMDZ
12 loans at any one time. If they pay the loans down, they
13 can come back and borrow again. But we'd like to put some
14 cap. We added the language in there that a borrower and
15 related entities.

16 What generally happens is if a business wants to
17 expand, have a second project site or a third project
18 site, they open up a new legal entity. For tax reasons
19 and the way companies structure and raise funds, that's
20 the right way to do it. But I didn't want one company
21 siting 2 million in one area, 2 million in a third area
22 and just keep using the money on that.

23 With that Steve Lautze is here. He is the Chair
24 of the California Association of Recycling Market
25 Development Zone Administrators and would like to make a

1 presentation.

2 CHAIRPERSON MARIN: Thank you, Jim. And I'm
3 going to ask Steve to come in and make his presentation
4 and be as persuasive as he know how to do that.

5 MR. LAUTZE: Okay. Good morning, Chairperson
6 Marin and Members Peace and Washington. I did see Rosario
7 in Los Angeles yesterday morning. We were both there for
8 CRRA and we're both here today. So we're jet-set
9 recyclers.

10 And some of my zone administrators who might have
11 been here today are also in Los Angeles at the California
12 Resource Recovery Association. I am Steve Lautze. I am
13 the Zone Administrator for Oakland, Berkeley -- the
14 Oakland/Berkeley RMDZ and I'm also the President of the
15 CARMDZ, the association of RMDZs.

16 I want to talk a little bit about the
17 Association. We have 31 of the -- there's 35 zones right
18 now. Thirty-one of those zones are dues paying members of
19 our association. Nine of those folks are on our board and
20 we meet monthly on the phone and in-person at zone works.
21 So I'm trying to emphasize that this is, I believe, very
22 representative of most of the zones of this position
23 that's been transmitted to you.

24 Let's see, I also want to reemphasize, as I did
25 in my letter, that the collaboration that was orchestrated

1 by Jim La Tanner and his staff on trying to get to yes and
2 get to common recommendations or speak the same language
3 on the revisions was a very successful process. However,
4 my organization has still managed to differ from the
5 recommendations, so that just shows how independent we
6 are.

7 But 2 of the recommendations from staff are in
8 agreement with our own, and they're 2 of the biggest
9 issues and would represent really major progress. So we
10 thank Jim for that.

11 The big picture theme here is that Plan A has
12 been working well or okay, but we believe Plan B is
13 better. So our group of recommendations represent number
14 B on each of the 4 items, 1B, 2B, 3B and 4B.

15 Again, in the big picture, conditions have
16 changed. We review these general criteria only every 2
17 years, and conditions have changed quite a bit since the
18 last time this was done. The composition of your board
19 has changed somewhat and conditions of the loan fund have
20 also changed. The loan sale was executed last October,
21 and has really kind of changed the ground rules as far as
22 liquidity and the security of the loan fund in the near
23 and medium term. And so we think that the criteria should
24 also reflect that, and that's reflected in our
25 recommendations.

1 We also, working with the other main staff person
2 under John Smith, Corky Mau, have been developing new
3 marketing materials that we believe are going to be a
4 major step forward for our ZAs and to market the program.
5 Those are ready to roll out, include 6 video case studies
6 of different businesses around the state. So the idea is
7 we open up the loan program a little bit in this criteria,
8 and with the loan sale and we are really ready to make a
9 fresh new start to move that money that we've raised.

10 To get more specifically into the 4 sub items.
11 Capping the loan sale. Again, we agree -- or the interest
12 rate we're in agreement with the staff recommendation to
13 cap the rate at 5 percent. When the index was changed
14 from prime -- or from excuse me SMIF to prime in 2003, as
15 Jim said, SMIF was at 1.9 percent, the loan fund was not
16 robust as far as the cash on hand, and there was a concern
17 about that, that the costs of the program were not being
18 covered or addressed.

19 So we acknowledge all that, but things have
20 changed in that we changed to prime. Prime was at 4 when
21 we changed it. Now, it's 6 and a quarter and rising. And
22 historically the RMDZ loan interest rate has never, I
23 believe, gone above 6 and a quarter. And that was only
24 for 1 half a year that it was over 6 percent.

25 So we're saying let's take a new look at it.

1 Let's cap the rate at 5 percent it's an easy rate for
2 business to understand. Prime rate is not a bad rate, but
3 we do need to get business's attention to go through this
4 program. It takes them 90 days to process an application
5 vis a vis the private sector financing world. And so
6 there are some -- there is some red tape of going through
7 this program, but we want to balance the philosophy and
8 the fiscal policy of the Board or suggest that a 5 percent
9 cap would both cover the costs and also make the loan
10 program attractive at this time when we have good
11 liquidity and we have new market materials we're ready to
12 roll.

13 So I can answer questions on that, if you have
14 questions on that.

15 I'll go on. The multiple loans per project.
16 Interesting, we -- this may be historic where we're more
17 conservative than the staff on this. We are recommending
18 a \$2 million cap rather than a \$4 million cap. Partly
19 because I think the combination that we're recommending in
20 the next item of allowing real estate loans to go to 2
21 million from \$500,000. And if you follow ours and the
22 staff recommendations to also cap at 5 percent, that might
23 create some stress on the annual \$10 million allocation,
24 if we do a \$4 million cap at the same time.

25 But, however, we think at the common sense level

1 a project that's working shouldn't be limited from coming
2 back for another loan, if it pencils out, and if the
3 diversion is worth it. So we're generally supportive of
4 that change, but prefer the lower cap.

5 Finally, primary residences. I know this issue
6 we've lost on this twice that I remember out of the last
7 2 tries, but we do only get to come back on these issues
8 every 2 years, so we are bringing this back again, because
9 some things have changed in the last 2 years. And the
10 other thing we learned in the workshop is, that really
11 wasn't part of the previous analysis, is that the personal
12 guaranties that are required of the applicants, they don't
13 explicitly constitute an ability for the Board to take a
14 primary residence, but it does allow that essentially.
15 When someone makes a personal guaranty, his or her
16 residence is in play.

17 So on the one hand in marketing the program, ZAs
18 at the current time have to say you cannot put your
19 primary residence up as collateral. But if they are
20 required to do a personal guaranty, you know, they could,
21 in a worst case scenario, lose their residence anyway. So
22 at a marketing level, the ZAs and we believe a significant
23 number of entrepreneurs would like the opportunity to
24 pledge their home. And it clearly commits them to the
25 success of the venture.

1 So, let's see. Finally, I know that these issues
2 are complex. We did copy Member Mulé. We know she's
3 interested in these issues. So if we're not in concert
4 with the staff or with what this committee wants, perhaps
5 you want to forward one or more of the sub-items to the
6 full board, however you'd like to handle that. We're
7 ready to be here again next week.

8 And I'm ready for any questions you may have.

9 CHAIRPERSON MARIN: Thank you. I want to make
10 sure that everybody got your letter. You did.

11 Okay great.

12 What I'd like to do is I'd like to go -- there's
13 4 items, so why don't we just go one at a time and see if
14 we -- you have specific questions.

15 COMMITTEE MEMBER PEACE: I agree with you we
16 ought to go one at a time. But can I ask a couple general
17 questions first?

18 CHAIRPERSON MARIN: Sure.

19 COMMITTEE MEMBER PEACE: In the pie chart here it
20 shows budget change proposals at 7 percent. Can somebody
21 tell me what those are?

22 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

23 PROGRAM SUPERVISOR La TANNER: Yeah what that is is
24 when -- years ago, when the fund had a lot of money in it,
25 there were 2 budget change proposals approved. One is

1 that Cal EPA takes approximately 135,000 per year out of
2 the subaccount as their part of their contribution to the
3 California District Attorney's Association Circuit
4 Prosecutor Program. That's a permanent BCP that comes out
5 every year.

6 COMMITTEE MEMBER PEACE: One hundred and
7 thirty-five dollars that goes to the Circuit Prosecutor

8 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

9 PROGRAM SUPERVISOR La TANNER: One hundred thirty-five
10 thousand per year comes from the subaccount to Cal EPA and
11 then they remit it over to the circuit prosecutor.

12 COMMITTEE MEMBER PEACE: What was the second one?

13 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

14 PROGRAM SUPERVISOR La TANNER: The other is the program
15 supports 2 other board programs SBRC and the Buy Recycled
16 Program are also funded out the subaccount.

17 Now, keep in mind the total of those is 1 million
18 8 thousand per year, but IWMA has generally always --
19 almost always contributed 2 and a half million into the
20 subaccount. So IWMA puts 2 and a half million in and 1
21 million 8 comes out for the other programs.

22 COMMITTEE MEMBER PEACE: So the IWMA puts in 3
23 million?

24 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

25 PROGRAM SUPERVISOR La TANNER: Two and a half million, so

1 they cover those BCP's, and then there's still a million
2 and a half available for loans.

3 COMMITTEE MEMBER PEACE: And the other general
4 question I wanted to ask was, do you know what the SBA
5 bases their interest rate on?

6 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
7 PROGRAM SUPERVISOR La TANNER: The Small Business
8 Administration, they have several loan programs over
9 there. Generally, the SBA is a guaranty program, so the
10 bank banks the loan. Generally, if it's a revolving line
11 of credit, it's at prime floating plus 2 to 4 percent.

12 So if prime is 6.25, the businesses are going to
13 get like 10 percent loans from a bank on a line of credit.
14 If it's an SBA 504, which is for the purchase of real
15 estate, it's probably prime plus 2, but it depends upon
16 how many points. They can buy the rate down with some
17 points. But the SBA loans generally are all floating
18 rates.

19 COMMITTEE MEMBER PEACE: Thank you.

20 CHAIRPERSON MARIN: Okay. So let's try to go one
21 at a time. The first is on the cap, 5 percent. You guys
22 recommend that. Steve recommends that.

23 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
24 PROGRAM SUPERVISOR La TANNER: Yeah, staff is recommending
25 5 percent.

1 CHAIRPERSON MARIN: So we're okay with that,
2 unless you want to make it --

3 COMMITTEE MEMBER PEACE: Oh, I'm not okay with
4 that.

5 CHAIRPERSON MARIN: Okay.

6 COMMITTEE MEMBER PEACE: I think capping it at 5
7 is just way too low. I mean even if we have it float with
8 prime, I mean they're still getting a rate that's 2 to 4
9 percent below the market. He just said SBA bases theirs
10 on prime plus 2. I mean, so to me basing it on prime is
11 very, very fair. Why would we want to cap it at 5 when 5
12 doesn't even barely cover our costs for running the
13 program?

14 CHAIRPERSON MARIN: Okay, 1 or 2. I'm fine with
15 5, but Jim first and then Steve.

16 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
17 PROGRAM SUPERVISOR La TANNER: I'll make one comment on
18 that. The difference between if we cap it at 5 -- and
19 when I wrote the item prime was 6, okay that one
20 percent -- there's 6 years left from now until the program
21 sunset date. If we didn't cap it and prime was at 6, the
22 Board would earn an additional million dollars worth of
23 interest income.

24 COMMITTEE MEMBER PEACE: Then we'd have that much
25 more to lend out.

1 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

2 PROGRAM SUPERVISOR La TANNER: Right. Right. We have
3 some applications in-house right now. And we've been
4 talking to some borrowers, and they're all happy that
5 we're just charging prime, but we haven't talked to them
6 recently about the prime is going up.

7 One of the ways to get the program out to the
8 recycling manufacturers is what is the cost for you to
9 expand to buy more equipment to use to take more
10 California waste and make a product out of it. If you
11 keep the rate low like at 5, it's more feasible for a
12 company to expand. A lot of companies -- you know, we
13 don't have a lot applications right now, because
14 they're -- these companies, they don't want to go out and
15 just take additional debt unless they know they're going
16 to really make a bottom line profit off that.

17 So by capping the rate at 5, which covers most of
18 the program costs, they're more likely to come for a loan
19 and expand. If it floats up to prime, 6 and a quarter,
20 it was what it would be today, if we don't cap it, some
21 companies may back off of that.

22 We have had some loan applicants that the Board
23 has approved recently change their mind and not take the
24 RMDZ loan.

25 CHAIRPERSON MARIN: They basically just wouldn't

1 expand. They'd just do whatever they can, but then it
2 goes against what we're attempting to do is which create
3 the market, you know, expand the market.

4 MR. LAUTZE: If I could add.

5 CHAIRPERSON MARIN: Mr. Washington.

6 MR. LAUTZE: Oh, I'm sorry. Go ahead.

7 COMMITTEE MEMBER WASHINGTON: I'm sorry.

8 I do think that Ms. Peace's comments are well
9 taken, if again we have more people involved. With the
10 amount of folks participating in this, I mean, I think it
11 can really cause some problems for us. But if we had a
12 number of people involved, and increasing that to, you
13 know, whatever it is at that particular time, would
14 certainly be beneficial to the Board.

15 DEPUTY DIRECTOR WOHL: Can I comment?

16 CHAIRPERSON MARIN: Yes

17 DEPUTY DIRECTOR WOHL: And yes, a million
18 dollars, by raising it that one percent is significant.
19 But what we also need to take into consideration is if we
20 don't get this money out, what is the 5 percent we're
21 losing on that money. And so that is kind of the issue
22 that staff came to is our best advantage -- you know, we
23 did a bulk loan sale thinking that we would push this
24 money out the door quickly, so we could get that 5 percent
25 back.

1 If we have that money sitting there, we're not
2 getting that 5 percent. We're getting some minute --
3 2.37. So we're literally losing 2.2, whatever the amount
4 would be.

5 COMMITTEE MEMBER PEACE: Yeah. How hard is
6 that -- if our loans are way under market, doesn't that
7 discourage then people from wanting to buy those loans, so
8 if we could sell them and get more money back into the
9 fund.

10 DEPUTY DIRECTOR WOHL: Well, I think what we're
11 talking about now is just the first step is that we have
12 the money now, and we want to stimulate the market and
13 push that out the door, so we can start collecting that
14 interest on that money. So, yes, getting more interest
15 for future is fine, but if you don't get them out the
16 door, you're not going to get that extra 1 percent even.

17 So I think we've kind of gone back and forth and
18 said, you know what, this loan is designed to -- you know,
19 the interest rate is designed to cover the costs and
20 stimulate the market. And at 5 percent, we're basically
21 covering the costs and therefore we're doing what the
22 program was designed to do, which is to stimulate the
23 market, get more recycling and help these businesses.
24 And, you know, hopefully get more out the door because
25 it's an incentive because of the low interest rate, just

1 so you understand our thinking.

2 COMMITTEE MEMBER PEACE: So if you cap it at 5,
3 when you look back in the attachment under what is the
4 interest rate, do we need that in there with a minimum
5 floor of SMIF?

6 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
7 PROGRAM SUPERVISOR La TANNER: In Public Resources Code,
8 it states that the loan will be issued at least -- it will
9 be based on SMIF.

10 COMMITTEE MEMBER PEACE: But do we need that that
11 the minimum floor would be SMIF, is that even --

12 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
13 PROGRAM SUPERVISOR La TANNER: Yeah. If the program
14 sunsets and we're not able to get another extension, the
15 funds are repayable back to the IWMA account at the SMIF
16 interest rate. So we need to have a floor of whatever the
17 SMIF is, which is currently 2.37 percent.

18 COMMITTEE MEMBER PEACE: So why would we want to
19 have a floor that low, instead of like a floor of 4, which
20 is what -- the prime has never been lower than 4. I mean,
21 before when we were loaning money at 1.9, I mean to me
22 that was like really, really low. I don't even know if we
23 ever should have gone that low. And I wouldn't like to
24 see it ever be that low again.

25 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

1 PROGRAM SUPERVISOR La TANNER: Right. We could puta -- I
2 mean if you wanted to, we could put a no less than 4
3 percent and no more than 5. Or you could just say let's
4 just cap it at 5 right now. You're setting the rate for 6
5 months until January. I would hope -- I'd like to keep it
6 consistent, like let's go 1 year and see if we can get the
7 money out the door before we change it. I mean the Board
8 could decide let's just cap it at 5.

9 PERIOD CHAIRPERSON MARIN: I know Steve has been
10 wanting to jump in.

11 MR. LAUTZE: Well, I have comments specific to
12 Ms. Peace's concerns about -- the first thing I would like
13 to point out is that when it was at 1.9 it was not
14 tracking with prime. So to the extent it tracks with
15 prime, it will be higher than it has been historically in
16 the history of the program. And 5 percent is on the high
17 side of the average for the history of the program.

18 But backing up on a big picture look. This
19 program tends to go in a boom/bust cycle. That's been the
20 history. When we've had the money, we've tried to take
21 measures to move the money, then the money moves and then
22 we're cash poor and we clamp down the rules.

23 And that is the wrong signal to our borrowers,
24 because the inconsistency there is more difficult. But
25 specific to your concern about prime being too low.

1 COMMITTEE MEMBER PEACE: SMIF being too low.

2 MR. LAUTZE: Well, I think you also argued that 5
3 percent was -- the amount the low prime that that was, was
4 perhaps a gift.

5 COMMITTEE MEMBER PEACE: Yes, um-hmm

6 MR. LAUTZE: Yes, my first point is that SMIF is
7 much bigger in that means. And we're away from SMIF.
8 We're not saying we should go back to SMIF. So prime is
9 also going to be more of a moderate rate. And it's
10 tracking with the grant marketplace not the State's fund
11 rate.

12 And then there's at least 2 types of borrowers.
13 There's borrowers who are mature who can, in the worst
14 scenario, they can mind this fund. They can come in and
15 they can take this low interest rate and get \$2 million
16 for a project, when they didn't really need it.

17 Then there's the other entrepreneurs, several of
18 are featured on our case studies, who do these deals
19 because -- a composter in southern California, Cal
20 Biomass. He says on film, we want to show it to you. He
21 can't have done it, because composting is land intensive.
22 He had to secure his business with real estate and he
23 couldn't have done it, if not for the interest rate or the
24 money he saved helped him create that opportunity.

25 The low hanging fruit in this yield for market

1 development and recycling has been picked. So, again, 2
2 types of borrowers, if there's a borrower who's already
3 invested in recycled content manufacturing, they can
4 really benefit from the low interest rate and including
5 the capped rate we're proposing.

6 However, if we're going to get new diversion --
7 and maybe it's a good time to mention that Chamlian and LA
8 Fiber, 2 of the pioneers on carpet recycling have both
9 used this fund, and in LA Fiber's case have used it more
10 than once.

11 If we wanted a company to take a chance on
12 recycled content, we need to get their attention. And
13 they need to have a distinct advantage over not just the
14 interest rate they can get for the same project in
15 financing, but they're taking a bigger risk. They're
16 using recycled content. They're doing something we want
17 them to do.

18 And so we look at the 5 percent cap as a reward.
19 The last thing I'd say historically, again, is that 6
20 percent is as high as the rate has gone. The prime rate
21 was 9.5 in 2001. The rate at that time, I don't remember
22 exactly, I think it was 5.3, because it was tracking with
23 SMIF at that time.

24 So in saying a cap at 5, if you want to cap at 5
25 and a half or 6, you know, the interest rate for RMDZ has

1 never been above 6. So this is not totally radical, what
2 we're proposing a cap at 5. It's a simple easy number.

3 CHAIRPERSON MARIN: Okay. All right.

4 COMMITTEE MEMBER PEACE: From a banker's point of
5 view I'd rather see this as prime or prime minus 1, but I
6 do understand that staff and you are on the same page with
7 this.

8 You said we'll look at this again, the interest
9 rate again in 6 --

10 DEPUTY DIRECTOR WOHL: We typically if you --

11 COMMITTEE MEMBER PEACE: But we only do this
12 every 2 years.

13 DEPUTY DIRECTOR WOHL: If it's attached to prime,
14 we bring it to you every 6 months, and then show you what
15 it's going to be and talk about it. But we don't change
16 it, except for once a year, we come and say do you want to
17 track it to something different.

18 COMMITTEE MEMBER PEACE: So it will be capped at
19 5 percent for a year?

20 DEPUTY DIRECTOR WOHL: If you make it strictly
21 capped at 5 percent -- we made it no more than 5 or it
22 would go to prime. Like if prime dropped back to 4, we're
23 proposing that this would drop to 4, so you need to let us
24 know how you feel about that. If it's a straight cap at 5
25 and we bring it back in a year, and we evaluate it, we'll

1 do that.

2 CHAIRPERSON MARIN: You know, I'd like to have
3 this come back in 6 months, you know. We'll do it at 5,
4 but if, in fact, prime goes down, I don't know -- I don't
5 have the glass here that will tell me the glass ball that
6 will tell me what the rates are going to be. They could
7 go down. And if they do go down, then it would make no
8 sense for us to keep it at 5 percent.

9 So then I'm -- Ms. Peace, that's the opportunity
10 she has to make up some money, but the money won't go if
11 it's like that.

12 COMMITTEE MEMBER PEACE: Well, if we're going to
13 have a cap of 5, we should have a floor of 4. I mean
14 prime in 25 years has never dropped below 4. And if prime
15 drops below 4, something crazy is going on in the market.
16 So I would like to -- if that happens, I would like to
17 have it come back to us.

18 DEPUTY DIRECTOR WOHL: We can make that
19 adjustment. Instead of the floor of SMIF, which was
20 really only, like Jim's scenario, is kind of the paying
21 back if there's no sunset, we could make it 4 percent.

22 CHAIRPERSON MARIN: Okay.

23 DEPUTY DIRECTOR WOHL: And then only if it --

24 CHAIRPERSON MARIN: Only if there's a dramatic
25 change.

1 DEPUTY DIRECTOR WOHL: -- if it's more dramatic
2 than that would we need to bring it back.

3 CHAIRPERSON MARIN: If not, you'll bring it back
4 in a year.

5 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
6 PROGRAM SUPERVISOR La TANNER: It would be brought back at
7 the January Committee, when the SMIF normally changes.

8 DEPUTY DIRECTOR WOHL: Or we would just tell you
9 in January, yes we would bring it back a year from now to
10 make the change if we needed to.

11 CHAIRPERSON MARIN: So that one item is fine

12 COMMITTEE MEMBER PEACE: Is that okay with you,
13 Steve?

14 CHAIRPERSON MARIN: Okay, I need to move this
15 item right along. I need to deal with another item and
16 people need to leave. So let's try to get to item number
17 2, which is the allow multiple loans up to 2 million
18 dollars per project versus staff recommendation of up to
19 \$4 million dollars, correct?

20 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

21 PROGRAM SUPERVISOR La TANNER: Correct.

22 CHAIRPERSON MARIN: Is there anybody that feels
23 particularly one way? I have a problem with the \$4
24 million, I personally do.

25 COMMITTEE MEMBER PEACE: Yeah, I do also. I am

1 more inclined to agree with Steve on this one.

2 CHAIRPERSON MARIN: Mr. Washington.

3 COMMITTEE MEMBER WASHINGTON: Yeah. And Jim he
4 talked a little bit about the -- yeah, these mics seems to
5 be having a problem here.

6 Now, when you say that they can do the multiple
7 loans, but I never heard you mention -- well, you did, you
8 said they would have to pay -- how much would they have to
9 pay back before they can come and seek another loan?

10 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
11 PROGRAM SUPERVISOR La TANNER: You can have -- a borrower
12 of unrelated entities could have no more than 2 million
13 principal outstanding at any one time.

14 For example, BAS Recycling currently owes 1
15 million 1 hundred thousand on a loan. We have just
16 received a new application for \$2 million.

17 COMMITTEE MEMBER WASHINGTON: From them?

18 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
19 PROGRAM SUPERVISOR La TANNER: From them. So if -- right
20 -- for a new product. So they would have 3 million 1
21 outstanding. If we cap it at 2 million, then this loan
22 request we would have to decrease it from 2 million to
23 900,000.

24 It would accomplish -- of that 2 million loan
25 request, they were asking 5 hundred thousand for new

1 equipment for additional diversion and 1 million 1 to
2 payoff some high debt short-term.

3 The 4 million is what staff was recommending is a
4 borrower could have 2 loans outstanding, and roughly 22
5 borrowers have more than 1 loan. The bigger successful
6 companies that open up new projects actually get more
7 diversion. If you go for 4 million, it still has to be
8 analyzed by staffy. They have to demonstrate the ability
9 to pay it back, collateralize the loan, additional
10 diversion on each loan, and they can have 2 loans
11 outstanding.

12 CHAIRPERSON MARIN: I hear what you're saying. I
13 just have -- you know, it right now may sound okay because
14 we have a bigger amount of money. But what happens, you
15 know, when we become, you know, even more successful and
16 more companies start requiring the money, and then, you
17 know, there won't be enough money to be doing 4 million a
18 shot.

19 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
20 PROGRAM SUPERVISOR La TANNER: Right. If you cap it at 2,
21 BAS -- we haven't talked to them specifically about this,
22 but they can still get the 500,000 to buy this additional
23 equipment that they need to, and they will still do the
24 project if we cap it.

25 CHAIRPERSON MARIN: Right, yeah.

1 DEPUTY DIRECTOR WOHL: The basic philosophy is if
2 you feel more inclined to the smaller business, capping it
3 at \$2 million is more advisable. If you're for the
4 expansion of larger companies that are doing a good job,
5 then the 4 million would facilitate that.

6 COMMITTEE MEMBER PEACE: If it's a larger company
7 doing a good job, couldn't they go to a bank then and get
8 a loan?

9 DEPUTY DIRECTOR WOHL: Yes, many of our loans are
10 bankable, so yes.

11 MR. LAUTZE: My brief comment would just be, we
12 would love to have it be a \$20 million a year program
13 rather than \$10 million a year program and have a \$4
14 million cap. And we have some ideas we'll share with you
15 another time about make it a \$20 million program.

16 CHAIRPERSON MARIN: Okay.

17 COMMITTEE MEMBER WASHINGTON: I say we do option
18 B.

19 CHAIRPERSON MARIN: So we do option B on this
20 one. The capping at the 2 million.

21 Okay. Remove the \$500,000 cap on real estate
22 loans. Does anybody feel any particular way? You guys
23 are the same. I mean, you agree with that one, so there
24 should be no problem with that.

25 COMMITTEE MEMBER WASHINGTON: Is it Option A or

1 B?

2 COMMITTEE MEMBER PEACE: Again, I'm sorry. I
3 have a problem with this. I would like to see it capped
4 at -- still capped at 500,000.

5 CHAIRPERSON MARIN: Okay.

6 COMMITTEE MEMBER PEACE: Because real estate
7 loans are not hard to get. You can go to a bank and get a
8 real estate loan. What's hard to get is money to start a
9 small business, and that's what we're here to do. It's
10 very, very difficult to go to a bank and say I want to
11 start a small business. So that's what we want to give
12 our money for. It's not difficult to go to the bank to
13 get a real estate loan. So I think we should be putting
14 our money --

15 COMMITTEE MEMBER WASHINGTON: As long as it's
16 going to real estate.

17 DEPUTY DIRECTOR WOHL: Just to tell you some of
18 our logic. Obviously, a real estate collateralized loan
19 is good for us. It's easy to get our money back if
20 somebody should happen. So that's a plus. The other
21 thing is with this package we're sort of promoting the
22 idea of expanding businesses. So if any company is
23 currently leasing property, this is their opportunity to
24 move from that to purchasing property, and make that
25 expansion. And so we thought upping that cap facilitated

1 that effort.

2 COMMITTEE MEMBER PEACE: I just hate to see all
3 of our RMDZ loan money going to real estate, when it
4 should be going to helping the small business person
5 expand or get into, you know, for business purposes not
6 for real estate purposes.

7 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
8 PROGRAM SUPERVISOR La TANNER: Yeah. Technically, all of
9 the loans are too small businesses by the number if they
10 have 500 or fewer employees. One loan the Board recently
11 approved is the Pallet Company down in Long Beach. They
12 were applying for a \$500,000 -- they were using \$500,000
13 of the loan proceeds to purchase -- to refinance a
14 \$1,500,000 property. They were leasing property from the
15 City of Long Beach Redevelopment. The Long Beach Permit
16 Section came in, wanted a lot of improvements made to that
17 property to get the facility into compliance and the
18 Pallet Comapny said, but we don't own the property, why
19 would we want to put capital improvements on your land for
20 our business.

21 And it ended up that the business relocated
22 several blocks away, bought land for \$500,000 and put a
23 million dollar building on it and was able to get more
24 diversion out of it.

25 On the Long Beach it's a floating interest rate,

1 25 year amortization, but a 15 -- there's a balloon coming
2 up, so they applied to us, but we only had that \$500,000
3 cap on it. The Board approved that loan. However, the
4 Pallet Company subsequently declined to accept the loan
5 because it's only a 15-year amortization. And since it's
6 only \$500,000 they still have to go out and get financing
7 for the other million somewhere else.

8 Another example, we are working with U.S. Rubber.
9 They are looking at purchasing a facility to further
10 expand their business from a major company, and there's a
11 little bit of contamination on that property. They've
12 asked us -- approached us for financing on that once the
13 property is cleaned up. SBA won't look at that, because
14 there is some contamination on it. They are growing to go
15 ahead and lease the property from the owner on a
16 lease-purchase arrangement, but they're still looking for
17 financing. And if we have a \$500,000 cap, then they will
18 have to go look at SBA.

19 DEPUTY DIRECTOR WOHL: I mean an alternative is a
20 slightly higher cap, if you want to cap it at a million or
21 something like that. But that's just an option.

22 CHAIRPERSON MARIN: I actually like that. I
23 actually like it where it's not a cap of 2 million, but \$1
24 million it would seem to me more reasonable than what we
25 have right now, which is \$500,000. I was wondering, why

1 \$500,000. I mean there is not properties in California,
2 you know, residential let alone commercial property. So
3 if you're uncomfortable with the capping, maybe a million
4 dollars would be.

5 COMMITTEE MEMBER PEACE: If that's what it takes
6 to get a compromise, I could go for that. But like I say,
7 I still feel like we're not real estate lenders.

8 CHAIRPERSON MARIN: You know, I actually agree
9 with you, except for the fact that we have, for example,
10 composting facilities where those particular businesses
11 are land. I mean, they require a lot of land. And if
12 we're going to try to get more people to go into that
13 business, land is their business.

14 MR. LAUTZE: If I could add on that specific
15 point, they're also very hard to site. Composting and
16 construction and demolition facilities are arguably 2 of
17 the things we need most, and they are also the hardest
18 things to site, especially near our urban centers.

19 And if the proponent of -- or if the entrepreneur
20 that's doing one of those activities doesn't have site
21 control, I mean you're going to try to lease a site for
22 doing a compost facility, that's going to be an even
23 bigger difficult.

24 So, again, we can get more complex and limit it
25 to C&D or land intensive businesses, but the issue is

1 industry -- industrial land is under duress in California.
2 So if entrepreneurs -- recycling entrepreneurs who are
3 trying to control their fate and their future and grow
4 their recycling activities on industrial land, having an
5 option like this in a low-margin business to buy their
6 property it's a good option and we need more than \$500,000
7 is what I would say.

8 COMMITTEE MEMBER WASHINGTON: So, Madam Chair,
9 Option A with the --

10 CHAIRPERSON MARIN: Cap of \$1 million.

11 COMMITTEE MEMBER WASHINGTON: -- cap of \$1
12 million.

13 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

14 PROGRAM SUPERVISOR La TANNER: Let me add one comment.
15 Staff was recommending no cap on the purchase of real
16 estate, because you can get up to a \$2 million loan and we
17 most likely would end up in a first deed of trust
18 position. If we leave the cap at \$500,000 or we cap it at
19 \$1 million, what's going to happen is they're going to go
20 to SBA and borrow the first million and come to us for
21 like \$500,000 or \$1 million for a second deed of trust.
22 If they default on that loan, then we may have to buy out
23 that first to get a lien position.

24 COMMITTEE MEMBER PEACE: Like you said, they
25 could go to the SBA to get the loan, so why can't they do

1 that anyway? Why do we need to give them the loan on real
2 estate. They can go the SBA. They can go to a bank.

3 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

4 PROGRAM SUPERVISOR La TANNER: Right. They would go to
5 SBA and get a first deed of trust and then we'd end up in
6 the second position.

7 COMMITTEE MEMBER PEACE: Maybe that's what they
8 should do and then our money should be going for the
9 business purposes not for the real estate.

10 CHAIRPERSON MARIN: Yeah, but then that poses the
11 question of if we make that loan, the collateral will no
12 longer be that because they have the first deed. SBA
13 would have the 1st deed.

14 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

15 PROGRAM SUPERVISOR La TANNER: We'd be in second position
16 behind an SBA first of half a million dollars.

17 CHAIRPERSON MARIN: We will be in second position
18 to get our money.

19 You can't have your cake and eat it, too. I know
20 you want to do that.

21 COMMITTEE MEMBER PEACE: No, what I want to do is
22 say they have to go to the SBA or a bank to get their real
23 estate loan.

24 MR. LAUTZE: Jim isn't the SBA -- the main SBA
25 real estate purchase program a 50/40 match, where you have

1 to get -- you can get 50 percent from the SBA and 40

2 percent from elsewhere? I mean, is that right?

3 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

4 PROGRAM SUPERVISOR La TANNER: I think it's a 50 percent

5 is the bank. SBA does a guaranty for 40. You know, it's

6 got collateral.

7 MR. LAUTZE: So it's better for the bank in that

8 scenario.

9 CHAIRPERSON MARIN: Well, let me do this. Let me
10 have Ms. Peace think about it for a couple of minutes.

11 I'm going to do something that I never do, but I'm going

12 to cut this for a second, and I will come back to this

13 item. I need to hear the City of San Marino. They have

14 an item before us, and they're going to have to get out of
15 here really, really fast.

16 So think about it -- while San Marino is

17 presenting, don't pay any attention to San Marino. Think

18 about it the other one.

19 (Laughter.)

20 COMMITTEE MEMBER PEACE: I have lots to say about

21 San Marino.

22 CHAIRPERSON MARIN: Item 16.

23 STATE AND LOCAL ASSISTANCE BRANCH MANAGER

24 MORALEZ: It's Item H on the Committee and Item 16 on the

25 Board item. And the City of San Marino within Los Angeles

1 county is requesting a second SB 1066 time extension
2 through December 31st, 2005. Board staff has determined
3 the information submitted in the application has been
4 adequately documented and recommends the Board approve the
5 time extension request for the City.

6 The Assistant City Manager Matt Valentine is
7 available to answer questions and is here today.

8 CHAIRPERSON MARIN: Mike Valentine, is that the
9 name?

10 STATE AND LOCAL ASSISTANCE BRANCH MANAGER

11 MORALEZ: Matt.

12 CHAIRPERSON MARIN: Matt. Thank you, Mr.
13 Valentine for coming. We really appreciate you taking the
14 time. And I know you have to get out of here, so we're
15 going to be as accommodating as we can, and hopefully
16 we'll get you out of here really fast.

17

18 MR. VALENTINE: Thank you. We appreciate that.

19 CHAIRPERSON MARIN: As you know, the concern of
20 this committee and the Board has to do with your diversion
21 rates that are at a very low 30 percent of what we --
22 that's the information we have before us. So what does
23 the City of San Marino intend to do to increase that 20
24 points?

25 MR. VALENTINE: Well, I think at the last board

1 meeting -- and I appreciate you taking this out of order
2 to accommodate us. At the last board meeting there were 2
3 issues of concern: One was related to our procurement,
4 and the other one was related to our C&D Ordinance.

5 I inherited this program about 2 years ago. And
6 prior to that, amongst other duties, all I was concerned
7 about was trash picked up at my house. Obviously, this is
8 a complex industry. I have a great appreciation for that.
9 And as such I've learned a lot. So I applaud the spirits
10 of this Board.

11 Two things related to procurement, we do have our
12 Public Works Department, when we do go out to bid on
13 certain projects such as overlays, we do use rubberized
14 asphalt, aside from the fact that it does reduce noise on
15 the streets, it does have a recycling element to it. We
16 just recently had a project about 150 tons worth of rubber
17 tires were recycled. One hundred fifty tons for our city
18 is a lot. We're a small town.

19 We figure 300 tons is a benchmark, as far as a
20 percentage point. So that's a half percentage point right
21 there. There are other efforts on our -- by or Public
22 Works Department. I mean when we do our curb gutter
23 sidewalk projects, we use that intert material and recycle
24 that. We've also used grants to purchase playground
25 equipment.

1 So from the procurement side, certainly we'd like
2 to improve upon that, but again I understand the spirit of
3 the Board and I'm here to honor that.

4 The second item was related to our C&D Ordinance.
5 Currently, that's in the poession of our city attorney.
6 He's reviewing it as we speak. As far as timing is
7 concerned, our counsel I think they'll be dark in August.
8 This will probably be presented to the council at a study
9 session in September and go to them in October, and
10 hopefully adopted by November or December of this year.

11 Are there any other questions I can answer at
12 this point?

13 CHAIRPERSON MARIN: You know, I wanted to ask you
14 specifically about the mandatory recycling. It seems to
15 me that right now your residents have an option that it's
16 not really mandatory?

17 MR. VALENTINE: What I inherited was we had 2
18 haulers in town. One hauler was -- there was significant
19 exposure. There was an incident on school property where
20 a trash hauler individual was crushed between the truck
21 and the vehicle. And so that's what I was walking into
22 here. And so my goal was to get rid of that firm.

23 And then when I went out to bid, I had diversion
24 in mind. And so that's kind of where we're going with
25 trying to require it or mandate diversion. As far as

1 that, the responsibility is on our hauler. One hauler
2 uses a MRF facility. And they are -- they present about 3
3 quarters of all of our accounts within the city. Then the
4 other hauler they have a separate container there with the
5 regular trash.

6 CHAIRPERSON MARIN: Is your city council at any
7 point contemplating having a mandatory recycling --
8 curbside recycling?

9 MR. VALENTINE: We place the responsibility on
10 the haulers, the 2 haulers in town. And we're expecting
11 to get the diversion rate out of the 2 haulers in town.

12 CHAIRPERSON MARIN: And how are you going to do
13 that?

14 MR. VALENTINE: They're providing service --
15 well, one of the things that came up during the bidding
16 process was that I wanted to include our roll-off bin
17 providers, because I wanted to control the refuse that was
18 being collected in town.

19 However, one of the council members had a
20 different opinion about that, and so that was pulled from
21 their. And that's why I think the C&D Ordinance is very
22 important, so that I can require reporting from those that
23 are not part of the franchise agreement to report to me,
24 and so I can get a better sense and require them to divert
25 50 percent of the refuse that they do collect.

1 CHAIRPERSON MARIN: Okay. You know some of my
2 best friends live in the city of San Marino. And the
3 beautiful setting and the beautiful lawns and you have a
4 beautiful, beautiful city. I'm wondering whether people
5 in your city actually know that you're not recycling as
6 much -- or diverting rather as much as you -- as the city
7 should.

8 MR. VALENTINE: We do try to outreach, you
9 know -- our haulers, with their billing, they also let the
10 residents know of our intent and our goal to meet our 50
11 percent diversion. I think a lot of our residents are
12 aware. We accept green waste in unlimited amounts. Even
13 if the hauler cries about that, we certainly address that
14 issue. And because we have about as many trees as we do
15 residents, we do generate a lot of green waste.

16 CHAIRPERSON MARIN: Yeah. We appreciate all of
17 your efforts. I hope you understand that our intent is
18 not only to make you fulfill the mandate that has been
19 established by law. Your mandate is our mandate as well.
20 So every city needs to meet its mandated goal. And we'd
21 like to help if there's anything that we can do, we want
22 you to succeed.

23 It is in our best interests for you to reach 50
24 percent. And so some of the things that I know you're
25 doing, and we hope that you do more of them, will get you

1 there. And, you know, nobody here more than us wants you
2 to reach that 50 percent.

3 MR. VALENTINE: I appreciate those comments and
4 I'll take them home with me.

5 CHAIRPERSON MARIN: Ms. Peace wants to say a
6 couple of things and I know Mr. Washington also.

7 COMMITTEE MEMBER PEACE: So you say your C&D
8 Ordinance won't be adopted until 2005?

9 MR. VALENTINE: No. No. No.

10 COMMITTEE MEMBER PEACE: I mean November 2005?

11 MR. VALENTINE: Well, yes, that's probably when
12 it will be adopted.

13 COMMITTEE MEMBER PEACE: Until the end of the
14 year.

15 You mentioned that you use RAC and maybe some
16 recycled rubble in your curbs. Has the city council
17 actually adopted a recycled content procurement policy?

18 MR. VALENTINE: We don't have a policy. No, I
19 don't -- to my knowledge, we don't have a policy.

20 CHAIRPERSON MARIN: Is there anyway that you can
21 take that back? It would be very important for us --

22 MR. VALENTINE: Certainly.

23 CHAIRPERSON MARIN: -- that you would consider
24 that. And I know your C&D Ordinance your attorney has it,
25 but it would be -- we would look very favorably upon the

1 City of San Marino if you were to pass it as soon as
2 possible.

3 MR. VALENTINE: Duly noted.

4 COMMITTEE MEMBER PEACE: I guess what I don't
5 understand, maybe staff can help me understand this, that
6 they got a 1066 three years ago and their diversion since
7 they got it, it went from 32 to 30. And now from this,
8 what I read, it says they've gone up 5 percent, so their
9 diversion rate right now you figure is 35. They've been
10 on a 1066 for 3 years, and all they've been able to do is
11 get 5 more percent diversion. Why aren't we putting them
12 on a Compliance Order? Why are we allowing them to get
13 another 1066?

14 STATE AND LOCAL ASSISTANCE BRANCH MANAGER
15 MORALEZ: Well, in terms of the 35 percent that's -- at
16 this point, that's the way -- what we know on the 2003
17 report. It is a improving. The challenge that the City
18 was having had been with the haulers. They had some
19 problem with the haulers not properly reporting and some
20 misallocations. And so we felt that they were, in fact,
21 implementing the programs to say they were going to
22 implement. But they were having a difficult time in terms
23 of getting the information from the haulers. They've
24 recently gone to a single hauler, am I correct?

25 MR. VALENTINE: Yes, we still have 2.

1 STATE AND LOCAL ASSISTANCE BRANCH MANAGER

2 MORALEZ: Two haulers. But I think they're now requiring
3 the accuracy of the reports and looking at some of the
4 reporting problems they've had. So, again, it's a small
5 community compared to a lot of other communities.

6 COMMITTEE MEMBER PEACE: But it's a very rich
7 community, and there's no language barrier. I mean, we've
8 been putting fines on really, really small communities
9 that are very poor that have a tremendous language
10 barrier, so you see that there's problems. This community
11 to me doesn't look like they should have a problem. It
12 likes to me like their city council isn't taking this very
13 seriously.

14 MR. VALENTINE: I would -- I mean I would
15 respectfully disagree. I mean, we do take this serious.

16 COMMITTEE MEMBER PEACE: They don't even have a
17 recycle procurement policy. They've had 3 years to
18 develop a C&D Ordinance and they're just now maybe in
19 November we'll pass it.

20 MR. VALENTINE: As far as specific numbers
21 related to our diversion, my consultant Alyson with Aurora
22 Environmental certainly can discuss those items. But I
23 can assure you that when we do go out to bid for items,
24 like, for example, we're looking to construct a new
25 library. And when we go out to bid that project,

1 certainly whoever does the demolition and hauling of that
2 facility will be required to divert 50 percent of the
3 debris that is created from that project.

4 COMMITTEE MEMBER PEACE: Well, you already had 3
5 years to supposedly get to 50 percent and you're only at
6 30.

7 MR. VALENTINE: I recognize that, but I also had
8 some -- I had a large exposure --

9 COMMITTEE MEMBER PEACE: So why do you think you
10 shouldn't be on a Compliance Order when we put other
11 jurisdictions in the same position on a Compliance Order?
12 In fact, we're going to talk at the Board meeting about
13 imposing penalties on a jurisdiction because they don't
14 have a recycled procurement policy, and because they don't
15 have a C&D Ordinance. And we're giving them a second time
16 extension. I mean, I guess I just don't understand the
17 difference here.

18 CHAIRPERSON MARIN: Mr. Valentine, I hope you --
19 and I don't know whether you listened to some of our other
20 meetings. These are webcast. And Ms. Peace articulates
21 very clearly the feelings of the Board, the entire Board.
22 This is very serious. And it's very serious, because we
23 are mandated by law to reach that 50 percent.

24 We're at 48 percent. And some people may say,
25 well, it's only a small little city. Yeah, but when you

1 add all of the small little cities, you know, they do add
2 up.

3 MR. VALENTINE: I understand.

4 CHAIRPERSON PEACE: And every single city must
5 take its responsibility. And Ms. Peace is expressing the
6 frustration that some of us feel -- I think all of us
7 feel, when we see jurisdictions not living up to the
8 expectation.

9 And I would hope that you take back to your city
10 and your mayor -- and we have many mayors come before us,
11 where they say well, we didn't do it, but we now realize
12 this is very important. And instead of doing it in
13 November, we're going to have it in September. You know,
14 there's more than good faith. I think we feel very
15 strongly that we have been very generous with the time
16 that we have given and shown to the City of San Marino.
17 And I hope you take that back.

18 MR. VALENTINE: I will. I will take that back
19 not only to our council but also to our haulers.

20 CHAIRPERSON MARIN: Mr. Washington.

21 COMMITTEE MEMBER WASHINGTON: I think Ms. Peace
22 has articulated my concerns and I just wanted to attach
23 myself to everything she said. It is true. I do believe
24 that the City of San Marino ought to be placed on a
25 Compliance Order. I really do. I know the area extremely

1 well. And it isn't a poor area. And I don't -- in good
2 conscience, you know, we're doing it to a city that is
3 very poor. And here we have another city that is
4 extremely well, and we're saying let's extend them. I
5 don't think we should do it.

6 CHAIRPERSON MARIN: Okay. Well, you have 2 --

7 MR. VALENTINE: As far as the comments of it
8 being a wealthy city, there's no doubt that the residents
9 there have been blessed. But that doesn't mean that -- I
10 mean, we're solely dependent on property tax. And then
11 we're -- not only that, we're dependent upon a public
12 safety tax to pay for our police and fire. So although
13 ear residents may be rich/poor, as far as the city and its
14 budget is concerned, it is limited.

15 COMMITTEE MEMBER WASHINGTON: And then that's
16 only limited because if you need to go back to them, you
17 can ask for more money. And that is in different areas.
18 We come from local governments. We understand how all
19 that stuff works.

20 MR. VALENTINE: No, I understand that.

21 CHAIRPERSON MARIN: Well, we have 2 board members
22 that want to put your city on a Compliance Order. So let
23 me ask staff, what the next step is, because we've had
24 other cities where the threat was there that we would go
25 into Compliance Orders, unless they did certain things at

1 a much faster rate. And I'm wondering whether that's the
2 next step. And I don't know, Elliot, who would answer
3 that?

4 Mr. Morales.

5 STATE AND LOCAL ASSISTANCE BRANCH MANAGER

6 MORALEZ: The item does provide for Option 6, which the
7 Board may select, which asks that the Board may disapprove
8 the jurisdiction's application and direct staff the
9 process to be begin for a Compliance Order.

10 And there are some legal requirements in that in
11 terms of notice, the 60-day notice requirement, which in
12 essence can begin today verbally and we'll follow it up in
13 writing. And then the hearing to be scheduled within 60
14 days from that point, which would probably about three
15 months from now, by the time all the processes go in
16 place.

17 And Elliot can elaborate on that if I'm mistaken.

18 CHAIRPERSON MARIN: Mr. Block.

19 STAFF COUNSEL BLOCK: Well, actually Phil just
20 covered it. So it would be approximately 3 months before
21 we'd be able to bring back an item for the Board to adopt
22 a Compliance Order. Since this application has been
23 submitted, this would have to go to the Board next week
24 for an actual disapproval as opposed to the Committee
25 directing it.

1 CHAIRPERSON MARIN: Yeah. We need to do
2 disapprove the extension.

3 STAFF COUNSEL BLOCK: But the 60-day notice
4 period could start today. There's no requirement actually
5 that -- that can be done at the meeting here today and
6 that would start us on the timeline.

7 CHAIRPERSON MARIN: Okay.

8 STATE AND LOCAL ASSISTANCE BRANCH MANAGER

9 MORALEZ: Madam Chair, before we go forward, Alyson
10 Burleigh, the consultant for the city would also like to
11 address the Committee.

12 CHAIRPERSON MARIN: Okay.

13 MR. BURLEIGH: Thank you, Madam Chair.

14 CHAIRPERSON MARIN: Would you state your name for
15 the record.

16 MR. BURLEIGH: Alyson Burleigh. I'm with Aurora
17 Environmental Inc. And I wanted to clarify a few items
18 that were misunderstood, I think, and miscommunicated.
19 While the City does not have an overall umbrella
20 procurement policy. Within individual divisions they have
21 addressed the procurement, in addition to the rubberized
22 asphalt that Matt has already mentioned.

23 In the 1996 Annual Report, the City reported that
24 they have a policy regarding on-site yard waste management
25 for city-owned property and that the City transports green

1 waste generated at city facilities to a facility to be
2 mulches and returned to the city for use in landscaped
3 areas.

4 In the 2002 Annual Report, the City reported that
5 City crews and the City's tree-trimming contractor mulch
6 and reused trimming materials from Lacy Park which is the
7 primary park there, or they send these materials to other
8 green waste processing facilities or for use as
9 alternative daily cover.

10 In the 2000 Annual Report, the City reported that
11 as a rule contractors performing overlay paving projects
12 and concrete sidewalk curb and gutter work are required to
13 reuse the materials removed as crushed miscellaneous base.
14 The city crews performing road work take asphalt and
15 concrete to a facility that grinds the material for use as
16 base material.

17 I've already mentioned some of the other
18 procurement activities of the City.

19 Another thing that I wanted to clarify is that
20 the City -- it was realized that it was no longer
21 appropriate to adopt a mandatory recycling ordinance when
22 one of the haulers is processing mixed waste, and that's
23 the the hauler that has a approximately three-quarters of
24 the accounts in the city.

25 And so what that hauler -- rather than a

1 mandatory participation ordinance, they actually have 100
2 percent participation, 100 percent of the time because
3 they process the materials at their facility.

4 CHAIRPERSON MARIN: And what happens to the other
5 25 percent?

6 MR. BURLEIGH: That is a curbside recycling, a
7 more traditional curbside recycling program. Both haulers
8 also offer the separate green waste, in terms of bottles,
9 cans papers. They have different programs there.

10 And finally, the reason that we're talking about
11 starting from a 30 percent diversion rate base, is that's
12 what the latest default value that was available when the
13 time --

14 CHAIRPERSON MARIN: And that's across the state.

15 MR. BURLEIGH: Right. So that's what was
16 available then. Of course, 2004 diversion rates are not
17 yet available yet, because we don't have the adjustment
18 factors. However, based on the quarterly disposal reports
19 that the City has received and using just the 2003
20 adjustment factors and the disposal reporting errors that
21 have already been documented for the Scholl Canyon
22 Landfill, the City is projecting a diversion rate of 39
23 percent for 2004. That would actually be 1 percent higher
24 if AB 2308 had not been implemented as well, that deals
25 with the inerts.

1 CHAIRPERSON MARIN: Let me ask Mr. Morales, are
2 those figures to your satisfaction? Would that be --

3 STATE AND LOCAL ASSISTANCE BRANCH MANAGER

4 MORALEZ: Well, I haven't seen the numbers personally on
5 that. And I'd have to ask Steve. But I'm assuming that
6 those are some figures he's discussed with Steve. But we
7 haven't done the 2004 numbers yet. So, again, they're
8 preliminary at best.

9 CHAIRPERSON MARIN: Okay, Ms. Peace.

10 COMMITTEE MEMBER PEACE: All those efforts sound
11 commendable, but like you said you're still only at 39
12 percent. The state average is 48. The community that
13 we're thinking about putting fines on at the next Board
14 meeting is at 45 percent. So I just don't see any reason
15 why you should just be at 39 percent. We didn't hear the
16 city council did not support roll off services, city
17 council did not concur with the city staff's rationale.

18 So what I'm thinking is maybe the city council
19 isn't taking this seriously. And I'd hate for November to
20 come along and say oh, the city council decided that a C&D
21 Ordinance wasn't what they wanted to do. I want them to
22 know that we're serious about making them follow through
23 with some of these things. And we're serious that they
24 have to get to 50 percent. Thirty-nine is not good
25 enough.

1 CHAIRPERSON MARIN: Okay. So let me --

2 MR. VALENTINE: I'll take that message back.

3 There's no question of where you stand and where I'd like
4 to be. And I will take that back to my council.

5 COMMITTEE MEMBER PEACE: I'm hoping that a
6 Compliance Order will help the staff get through to the
7 city council that we're serious.

8 MR. VALENTINE: I fully agree with you. In fact,
9 I'd love to have just one hauler.

10 CHAIRPERSON MARIN: And, Mr. Valentine, your
11 mayor is more than welcome to come before this Board.

12 MR. VALENTINE: Right.

13 CHAIRPERSON MARIN: So let me just for -- at this
14 point in time, it will be a recommendation to go to the
15 Board for denial of the 1066 extension. And then, at that
16 point in time, when the Board takes the action, then we
17 will -- is it, at that time, or is it right now that the
18 60 days

19 STAFF COUNSEL BLOCK: Well, the 60-day notice can
20 start today, because the 60 day notice is that the Board
21 is considering putting the community on a Compliance
22 Order. So that can actually start today.

23 The staff will wait to formalize that until next
24 week, if that's the --

25 CHAIRPERSON MARIN: Let me do that so that it

1 will be cleaner. So when we deny it is that when the
2 order will start, the 60-day notice will start. I think
3 it will be cleaner for everybody, right?

4 STAFF COUNSEL BLOCK: It's the prerogative of the
5 Board.

6 CHAIRPERSON MARIN: Is that okay.

7 COMMITTEE MEMBER PEACE: That just puts them
8 another week behind, but if that's --

9 (Laughter.)

10 COMMITTEE MEMBER WASHINGTON: That's fine.

11 CHAIRPERSON MARIN: It's probably cleaner. So we
12 will be -- yeah, your manager or your board or your mayor
13 is welcome to come to the Board when we take that action.
14 And he -- they can certainly make an appeal. It's not --
15 most cities will avoid dramatically and drastically to be
16 on a Compliance Order. I don't know if you know that, but
17 I'm sure she knows that.

18 So we will -- is that the pleasure of the Board?

19 Do we need to adopt then -- help me here
20 because --

21 STAFF COUNSEL BLOCK: I would suggest -- well,
22 the resolution right now is for approval. So I'd suggest
23 a motion by the Committee, and we'll -- staff will prepare
24 a revised resolution for the Board meeting.

25 COMMITTEE MEMBER WASHINGTON: With Option C.

1 CHAIRPERSON MARIN: That will come to the Board
2 then?

3 COMMITTEE MEMBER WASHINGTON: Madam Chair, I'd
4 like to move adoption of Resolution 2005-194 Option 6.

5 CHAIRPERSON MARIN: Okay. Is there a second?

6 COMMITTEE MEMBER PEACE: Legally, is that's the
7 way it's supposed to read? Okay, I second that.

8 CHAIRPERSON MARIN: That's the way it's supposed
9 to read?

10 STAFF COUNSEL BLOCK: I'm sorry, I missed that
11 question. I'm sorry.

12 CHAIRPERSON MARIN: No. It was just the
13 resolution the number and for Option 6.

14 STAFF COUNSEL BLOCK: Yes.

15 CHAIRPERSON MARIN: Okay. All right. Moved and
16 seconded.

17 Call the roll, please?

18 COMMITTEE SECRETARY BAKULICH: Peace?

19 COMMITTEE MEMBER PEACE: Aye.

20 COMMITTEE SECRETARY BAKULICH: Washington?

21 COMMITTEE MEMBER WASHINGTON: Aye.

22 COMMITTEE SECRETARY BAKULICH: Marin?

23 CHAIRPERSON MARIN: Aye.

24 Thank you, Mr. Valentine, and thank you, Ms.
25 Burleigh.

1 Okay. Let's see, let's finish this item, and
2 then we're going to take a quick break, if you promise me
3 that we'll deal with this item.

4 We're going to finish this and then we'll go to
5 lunch, but we need to take a little break.

6 (Laughter.)

7 CHAIRPERSON MARIN: Well, I don't know unless
8 everybody wants to take a break, but I'd rather push
9 forward. Let me go back to Item number 13 and the last --

10 DEPUTY DIRECTOR WOHL: We left on the cap on real
11 estate is what we were talking about.

12 CHAIRPERSON MARIN: Did we decide on the \$500,000
13 -- \$1 million rather real estate cap. That was the one
14 thing forward, but then Jim came up with his suggestion.

15 COMMITTEE MEMBER WASHINGTON: We'd place second,
16 and just do 1 million, because other folks can do a
17 million and they can take first place.

18 Is that correct, if we do just a million, you're
19 saying, Jim, that the loaner can come in and take first
20 and we'll be placed in second?

21 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
22 PROGRAM SUPERVISOR La TANNER: We'd be -- right. The
23 borrower could go to the bank --

24 COMMITTEE MEMBER WASHINGTON: Becaus they could
25 do 50/50.

1 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

2 PROGRAM SUPERVISOR La TANNER: The borrower could go to
3 their bank borrow X dollars as a first lien position, and
4 we'd be in second place behind that. And in the unlikely
5 event that the business fails, we may be in a position
6 where we'd have to take out that first --

7 CHAIRPERSON MARIN: First. That first, first.

8 DEPUTY DIRECTOR WOHL: But I mean, I guess, I'll
9 just add that we're at \$500,000 now.

10 COMMITTEE MEMBER WASHINGTON: Yeah, it makes no
11 difference

12 DEPUTY DIRECTOR WOHL: So if anything you're
13 going to lessen that factor and improve it by upping it.

14 CHAIRPERSON MARIN: So what's your pleasure, Ms.
15 Peace? We're all hanging on to you how's that.

16 COMMITTEE MEMBER PEACE: I would personally like
17 to keep it at 500, but if you all feel a million is
18 appropriate, I can go for a million cap.

19 CHAIRPERSON MARIN: Well, I think a million is
20 better than 500,000.

21 COMMITTEE MEMBER WASHINGTON: Yeah, because we're
22 at a million, so why would we want to increase it if it's
23 going to put us in the same position as of right now at
24 500,000, right?

25 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

1 PROGRAM SUPERVISOR La TANNER: Well, it would make the
2 first deed of trust smaller.

3 COMMITTEE MEMBER WASHINGTON: Yeah, that's a good
4 thing. I mean, if we end up in a situation where we
5 become second anyway.

6 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

7 PROGRAM SUPERVISOR La TANNER: And we're financing it at a
8 lower rate and it improves our cash flow.

9 MR. LAUTZE: And I guess the comment I would make
10 is that when real estate was allowed after the bill
11 passed, 8 out 30 loans included real estate and there was
12 no limit. Then it was cut to 500,000 and there was one
13 real estate loan out of, I think, over 30, maybe 40. So
14 this could be a compromise.

15 COMMITTEE MEMBER PEACE: So out of 40 loans you
16 only had one real estate loan. So you still got 40 loans
17 and those other people went to a bank and got their real
18 estate loans.

19 MR. LAUTZE: Right. Well if they got real
20 estate. I guess the thing I want to not overdue is that
21 recyclers have some special real estate needs. So having
22 a million -- I'm happy with having a million instead of
23 500, but real estate is not -- I know your concern, but
24 recyclers have real estate issues as well.

25 CHAIRPERSON MARIN: So Ms. Peace.

1 COMMITTEE MEMBER PEACE: Well, I guess we would
2 do -- is there another 3A, but instead of 500,000 it would
3 be a million, the maximum amount of a loan that can be
4 used to purchase real estate is a million.

5 CHAIRPERSON MARIN: All right. Okay. The last
6 item. Personal residence. I know some people feel very
7 strongly about that. I differ from, I think, what your
8 position is going to be, but go ahead. I know you feel
9 very strongly about that.

10 COMMITTEE MEMBER WASHINGTON: Yeah. Again, Madam
11 Chair, I think that we've had plenty of discussion on this
12 as these items come forward. I just don't believe that we
13 should allow borrowers in particular who represent
14 companies or otherwise to use their personal residence as
15 collateral.

16 CHAIRPERSON MARIN: That's how most of the small
17 businesses -- if you're going to start a small business,
18 you go to the bank, and you put your own personal
19 residence as collateral.

20 COMMITTEE MEMBER WASHINGTON: Right. And that's
21 where I think it should happen at the bank and not with
22 the Board, because I don't think we should get in the
23 business of being in real estate. We're not a real estate
24 business.

25 CHAIRPERSON MARIN: Yeah, you agree with Ms.

1 Peace what she's saying.

2 COMMITTEE MEMBER PEACE: Can I ask you how many
3 really good recycling business opportunities are we
4 missing by not taking homes as collateral?

5 MR. LAUTZE: It's really a chicken and egg
6 question, because I think staff will tell you they haven't
7 had anybody raise this issue as a problem. But we know
8 that at the time the change was affected, the first 6
9 years of the program residents were allowed as collateral.
10 And that is the norm in lending, public and private.

11 And at the time the change was made 25 percent of
12 the portfolio by number of loans had used primary
13 residences as collateral. I believe that staff will also
14 tell you that was 14 loans. And that when the policy was
15 changed, the staff went back to those 14 and said, "Would
16 you like to rework so that your residence is not at risk?"
17 And 12 -- all but -- what am I trying to say? All but 2
18 of those entities declined.

19 So it's a latent demand. I can't bring you names
20 of companies that are clamoring for this. But my point
21 that their homes are already passively at risk in the
22 personal guaranty. It's a marketing advantage to be able
23 to allow collateral. You know, and 25 percent of the
24 portfolio had it when it was allowed.

25 COMMITTEE MEMBER PEACE: When you put your home

1 up for collateral, I mean, they default -- it's very easy
2 to take their home. When it's a personal guaranty, it's
3 much more difficult to go back to court and take their
4 home.

5 But have we ever had to foreclose on a home?

6 DEPUTY DIRECTOR WOHL: Yeah, once.

7 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

8 PROGRAM SUPERVISOR La TANNER: That's why the policy was
9 put into place. We had a loan to Tygon down in Riverside.
10 The business defaulted. We had a deed of trust on the
11 commercial real estate. We had a deed of trust on 4
12 undeveloped residential lots. And we had a second deed of
13 trust on their home. And that particular isolated
14 incident was the owners of the business were both over 61
15 and had a could quadruple heart bypass. The wife was
16 closed to retirement. They only owed \$23,000 on the home.
17 We did end up foreclosing on the home. We worked through
18 DGS to liquidate the collateral.

19 They leased the home back to them for a year, got
20 the lease payments, and they subsequently relocated out of
21 state. That's the only incident that we -- that's why the
22 policy was put into place.

23 COMMITTEE MEMBER PEACE: Why does staff like the
24 policy of keeping it the way it is, just so we don't have
25 to go through that?

1 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN

2 PROGRAM SUPERVISOR La TANNER: Well, if somebody needs to
3 use equity in their home, it's easier to go out and
4 refinance the home and get a 30-year mortgage at 5.62
5 percent fixed.

6 DEPUTY DIRECTOR WOHL: And they could do that for
7 the 25 percent portion. And I think just, you know,
8 didn't really want to put the Board in the position of
9 taking somebody's home. And just the idea that also if we
10 have to go to DGS, they're not really real estate people.
11 It was quite a complicated, difficult process to get them
12 to sell their residence. And so it wasn't --

13 CHAIRPERSON MARIN: Sorry, Steve, 2 out of 3, not
14 good.

15 MR. LAUTZE: Thank you for all your time and
16 consideration.

17 CHAIRPERSON MARIN: Thank you very, very much.
18 Actually, you got 3 out 4, so that's not bad. You can go
19 back and tell all of your administrators that you
20 represented them well.

21 Okay. So that stands the way it is.

22 DEPUTY DIRECTOR WOHL: Do you want to recap real
23 quick, or does everyone got it. I won't, that's fine.

24 COMMITTEE MEMBER PEACE: Let's recap.

25 CHAIRPERSON MARIN: Let's recap here.

1 DEPUTY DIRECTOR WOHL: We're going to cap the
2 rate at 5 percent with a floor of 4 percent. We're going
3 to allow for multiple loans for new projects but with a
4 cap at 2 million. We are not going to take primary
5 residences, and we're going to have a cap on real estate
6 of 1 million.

7 CHAIRPERSON MARIN: Perfect. Okay. Right, is
8 there a motion for that?

9 COMMITTEE MEMBER PEACE: With those changes as
10 stated by Patty Wohl, I'd like to move resolution number
11 2005-191.

12 COMMITTEE MEMBER WASHINGTON: Revised.

13 COMMITTEE MEMBER PEACE: Revised.

14 COMMITTEE MEMBER WASHINGTON: Second.

15 CHAIRPERSON MARIN: Okay. Moved and seconded.

16 Call the roll, please?

17 COMMITTEE SECRETARY BAKULICH: Peace?

18 COMMITTEE MEMBER PEACE: Aye.

19 COMMITTEE SECRETARY BAKULICH: Washington?

20 COMMITTEE MEMBER WASHINGTON: Aye.

21 COMMITTEE SECRETARY BAKULICH: Marin?

22 CHAIRPERSON MARIN: Aye.

23 Okay.

24 COMMITTEE MEMBER PEACE: And then we'll have this
25 Attachment 1 that will also be updated before the Board.

1 DEPUTY DIRECTOR WOHL: Yes. We'll update
2 Attachment 1 and the resolution would stay the same then.

3 CHAIRPERSON MARIN: This actually should go on
4 consent.

5 DEPUTY DIRECTOR WOHL: Okay.

6 CHAIRPERSON MARIN: I'm sure Ms. Mulé will agree
7 with that.

8 CHAIRPERSON MARIN: She could always pull it.

9 DEPUTY DIRECTOR WOHL: I think I can whip through
10 Agenda Item 14 in just 30 seconds if you want to try it.

11 CHAIRPERSON MARIN: Okay, go for it.

12 DEPUTY DIRECTOR WOHL: Agenda Item 14,
13 Consideration of the Recycling Market Development
14 Revolving Loan Program Application for Glaum Egg Ranch --

15 CHAIRPERSON MARIN: Ms. Peace will not ask any
16 questions.

17 DEPUTY DIRECTOR WOHL: This is requesting
18 \$257,000 to finance the purchase of equipment. They are
19 projected to divert an additional 600 tons of industrial
20 chicken manure, sawdust, and post-consumer, paper, pulp
21 and cardboard. Staff recommends that the Board adopt
22 Option number 1 and adopt Resolution 2005-190 to approve
23 the loan in amount of \$257,000.

24 RECYCLING MARKET DEVELOPMENT REVOLVING LOAN
25 PROGRAM SUPERVISOR La TANNER: At 5 percent interest.

1 CHAIRPERSON MARIN: And there is 5 percent. See
2 we're already doing that. Okay, is there any questions
3 regarding the chicken manure?

4 COMMITTEE MEMBER PEACE: If there aren't any
5 questions, I'll move the resolution. I'd like to move
6 resolution number 2005-190.

7 COMMITTEE MEMBER WASHINGTON: Second.

8 CHAIRPERSON MARIN: Moved and seconded. And we
9 will substitute the previous roll call and it will go on
10 consent.

11 Okay. Can we take a break. We'll take a 10
12 minute break. We'll be right back.

13 (Thereupon a recess was taken.)

14 CHAIRPERSON MARIN: Okay. Thank you very much.
15 We're going to zip through these. I promise everybody
16 we're going to get out of here before 1 o'clock or else
17 lunch is on me.

18 (Applause.)

19 CHAIRPERSON MARIN: No, no, no. Just kidding.

20 COMMITTEE MEMBER WASHINGTON: I'm going to talke
21 for 5 extra minutes.

22 (Laughter.)

23 CHAIRPERSON MARIN: Just kidding. I figured I
24 would get everybody's attention. At this point in time,
25 I'd like to take 1 item out of order. We have an

1 emergency that a person has to deal with. And so we are
2 going to take Item number 20.

3 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:
4 Cara Morgan, Office of Local Assistance. Item 20 is
5 Consideration of the Application for an SB 1066 Time
6 Extension by the City of Buena Park in Orange County. And
7 Kaoru Cruz will make the presentation.

8 CHAIRPERSON MARIN: Okay.

9 MS. CRUZ: Good morning, Committee Members. The
10 City of Buena Park has requested a time extension through
11 the December 31st, 2005. Board staff has determined that
12 the information submitted in the application is adequately
13 documented. Based on this information, Board staff is
14 recommending that the Board approve the City's application
15 as submitted, but also makes a recommendation for the
16 implementation of an alternative program, that it believes
17 the jurisdiction should add to its plan for it to be
18 successful.

19 A representative from the City is present to
20 answer any questions.

21 This concludes my presentation.

22 CHAIRPERSON MARIN: Thank you. And a
23 representative from the City/hauler. Mr. South, would you
24 please come over. I know that you have here only if
25 necessary. But, first of all, we would like to

1 congratulate you. Ms. President, I'm -- yeah, I'm used to
2 saying yes, Mr. President, but I won't say that to you.

3 (Laughter.)

4 MR. SOUTH: Thank you, Madam Chairwoman.

5 CHAIRPERSON MARIN: We know you have to leave.

6 And I know that there are -- I had a couple of questions
7 for the city. I want to understand the reason why they're
8 not adopting the C&D. Does anybody know the C&D
9 Regulation?

10 MS. CRUZ: C&D Ordinance?

11 CHAIRPERSON MARIN: Ordinance, I'm sorry.

12 MS. CRUZ: Yes, the city is planning to adopt a
13 C&D Ordinance similar to what La Habra has been
14 implementing because they believe it to be very successful
15 in another other jurisdiction, which is next to them.

16 CHAIRPERSON MARIN: When are they going to do
17 that? Maybe, I'm misread it. Maybe I misread it. But I
18 thought that they were not adopting the C&D Ordinance. So
19 they are?

20 MS. CRUZ: They are. The staff recommendation
21 and then the City agreed to implement. That's the
22 alternative implementing program that we are recommending.

23 CHAIRPERSON MARIN: Okay. And what about --
24 there is this word regarding the buy recycled --

25 MS. CRUZ: Procurement?

1 CHAIRPERSON MAWRIN: -- procurement. They're not
2 mandating it. They're encouraging it.

3 MS. CRUZ: Yes. They don't have a policy.
4 However, they have been buying paper and recycled content
5 product.

6 CHAIRPERSON MARIN: Yeah. Is there anyway that
7 we can do more than have them encourage it? I know Ms.
8 Peace is going to get on that horse.

9 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:
10 Board Members, there is an option where you can recommend
11 that the City do so. And if the City concurs, we can add
12 that as a recommended program as an additional program.

13 CHAIRPERSON MARIN: I think you're going to have
14 an absolutely yes from all 3 of us here. So if you could
15 take that back, Mr. South, to the City. I would
16 appreciate that.

17 MR. SOUTH: Yes, Madam Chair.

18 CHAIRPERSON MARIN: And I know that you're going
19 to -- I believe that Buena Park has been going down, was
20 it?

21 MS. CRUZ: Yes.

22 CHAIRPERSON MARIN: So I need -- what is your
23 company going to do to take it up?

24 MR. SOUTH: To raise it. Thank you, Madam Chair.
25 Steve South, President, EDCO Disposal Corporation. EDCO

1 is pleased to serve as the franchise hauler of the City of
2 Buena Park. The City of Buena Park recognized that its
3 falling diversion rate in late 2004 was going to be
4 problematic.

5 And, at that time, the City authorized
6 implementation of a volume-based residential rate system,
7 as well as source separated green waste program. Those
8 programs are actually currently being put into place today
9 as we speak. Our Vice President, Efrain Ramirez, who
10 oversees that operation actually typically comes with the
11 City. And he's there today as part of the cart rollouts.

12 So we're implementing automated trash and manual
13 green. We've had a 3-week roll out currently. It's
14 important to note that all of the remaining material is
15 dirty MRF'd to a diversion level. So while there isn't
16 currently a construction and demolition inert ordinance in
17 place, although one is coming down the road, that material
18 still does go to a dirty MRF. And then it is diverted, a
19 minimum amount of 25 percent is diverted.

20 So I think what you're seeing the City of Buena
21 Park do is take a good read. Before they would come up to
22 the compliance issue, took a read in late 2004 and then
23 authorized part -- or EDCO to implement those programs.

24 And then as far as with the rollout there's a
25 very, very strong public education program that went to

1 all the single-family residential units.

2 CHAIRPERSON MARIN: Okay. No further questions.

3 Just make sure that we have those items identified. Thank
4 you Mr. South, and thank you for staying.

5 MR. SOUTH: Thank you.

6 CHAIRPERSON MARIN: Our best to you.

7 Okay. Let's go back then and start from item --
8 oh, there's a resolution. Thank you.

9 COMMITTEE MEMBER WASHINGTON: I'd like to move
10 adoption of Resolution 2005-173.

11 COMMITTEE MEMBER PEACE: Second.

12 CHAIRPERSON MARIN: Revised.

13 COMMITTEE MEMBER WASHINGTON: Revised.

14 CHAIRPERSON MARIN: Moved and seconded. Without
15 objection, we will substitute the previous roll call. And
16 it will go on consent.

17 Okay. The next item should be Item Number 17.

18 WASTE ANALYSIS BRANCH MANAGER VAN KEKERIX: Did
19 you want the Deputy Director's Report?

20 CHAIRPERSON MARIN: Yes. Who's going to do that?

21 WASTE ANALYSIS BRANCH MANAGER VAN KEKERIX: I'm
22 going to do that. My name is Lorraine Van Kekerix. I'm
23 with the Waste Analysis Branch.

24 COMMITTEE MEMBER WASHINGTON: You were trying to
25 skip that part.

1 CHAIRPERSON MARIN: She wasn't hoping I wouldn't
2 notice.

3 (Laughter.)

4 WASTE ANALYSIS BRANCH MANAGER VAN KEKERIX: I
5 have 3 very quick items for you.

6 First of all, we're pleased to announce that the
7 Local Government Waste Diversion and Recycling Outreach
8 Materials web site is up. It has links to files that link
9 to various city materials on waste diversion and
10 recycling. All of the materials that we're linking to
11 were created by California jurisdictions. And the
12 materials include brochures, fact sheets, pamphlets,
13 newsletters, handouts, and other publications that promote
14 recycling.

15 And we're looking to have these samples help
16 additional California jurisdictions promote local and
17 state government waste diversion and recycling outreach
18 programs.

19 We anticipate that we will be adding more and
20 more materials to the list. And we will be promoting
21 those in our info-cycling newsletter, so that people know
22 that it's out there, as well as a series of Emails -- mass
23 Emails on additions to the web site.

24 Last month the Board approved the disposal
25 reporting regulations. And I'm pleased to report that

1 staff has been diligently working to get the package
2 together to go off to the Office of Administrative Law.
3 We expect to get that delivered within the next couple of
4 weeks and that will start their official review process.
5 We'll be letting everyone know when we send that over.

6 And lastly, the Adjustment Method Review Working
7 Group met on June 30th. We had a number of people who
8 were not able to attend the meeting, so the
9 recommendations developed by the group at the meeting are
10 being circulated. We will be getting input from the
11 entire group, and we will be bringing an agenda item to
12 you at the September meeting to look at what we may do to
13 improve the adjustment method as part of the existing
14 measurement system.

15 And that concludes my report.

16 CHAIRPERSON MARIN: Thank you so very much. I
17 didn't mean to skip you or anybody else.

18 Okay, that leads us then to Item number 17.

19 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:
20 Consideration of the Amended Nondisposal Facility Element
21 for the City of Oakland, Alameda County.

22 And Kyle Pogue will make the presentation.

23 MR. POGUE: Good afternoon.

24 CHAIRPERSON MARIN: I don't know this gentleman.

25 MR. POGUE: Good afternoon, Committee.

1 CHAIRPERSON MARIN: Are you a new staff member,
2 sir?

3 (Laughter.)

4 MR. POGUE: I don't know how to explain that, but
5 yes, I am new.

6 CHAIRPERSON MARIN: You have a new position, sir?

7 MR. POGUE: Yes, I do.

8 Hear it goes.

9 (Laughter.)

10 MR. POGUE: The City of Oakland is amending its
11 Nondisposal Facility Element, NDFE, by identifying and
12 describing the Capital Recycling Facility as a new
13 facility.

14 Additionally, the city is also amending its NDFE
15 to reflect changes to operations at the following
16 facilities: The Davis Street Transfer Station, the
17 Pacific Rim Recycling, Bay City Recycling and California
18 Waste Solutions.

19 The Permits and Enforcement Division will be
20 presenting an agenda item for the proposed permit for the
21 new facility in the future.

22 The City has submitted all required documentation
23 for these facilities. Therefore, staff recommends
24 approval of this amendment to the City of Oakland's NDFE.

25 This concludes my presentation. Ferial Mosley

1 recycling specialist with the City of Oakland is available
2 to answer any questions you may have.

3 Thank you.

4 CHAIRPERSON MARIN: Okay. Please come forward.

5 Hi, how are you?

6 MS. MOSLEY: Good afternoon. I'm fine. Thank
7 you, Madam Chair --

8 CHAIRPERSON MARIN: State your name for the
9 record.

10 MS. MOSLEY: -- and Members of the Board. I'm
11 ready to answer your questions.

12 CHAIRPERSON MARIN: Any questions to the.

13 COMMITTEE MEMBER PEACE: Can you believe it, I
14 don't have any questions.

15 CHAIRPERSON MARIN: No questions. No questions.
16 Well, you get off easy. You have a very good staff member
17 taking care of you.

18 MS. MOSLEY: Thank you. And I think we are above
19 50 percent diversion. So thank you very much for your
20 appreciation for what you are doing.

21 CHAIRPERSON MARIN: Yes. Thank you for
22 everything that you do. Thank you. Yeah, you did not
23 state your name for the record.

24 MS. MOSLEY: Ferial Mosley, recycling specialist
25 with the City of Oakland.

1 CHAIRPERSON MARIN: Thank you very much. All
2 right.

3 COMMITTEE MEMBER WASHINGTON: Madam Chair, I'd
4 like to move adoption of Resolution 2005-170.

5 COMMITTEE MEMBER PEACE: Second.

6 CHAIRPERSON MARIN: Moved and seconded. And
7 without objection, we will substitute the previous roll
8 call, and we'll place this item on consent.

9 Okay. Item number 18.

10 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:
11 Consideration of a Request to Change the Base Year to 2003
12 for the Previously Approved Source Reduction and Recycling
13 Element for the City of Milpitas, Santa Clara County. And
14 Kathy Davis will make this presentation.

15 CHAIRPERSON MARIN: Okay, Ms. Davis.

16 MS. DAVIS: Hi. The City of Milpitas has
17 requested to change its base year to 2003. The City has
18 requested a 53 percent diversion rate for the 2003 new
19 base year. In addition, the City has submitted
20 documentation showing it meets the statutory conditions
21 for claiming biomass diversion credit in 2003.

22 With the staff recommended new base year and the
23 biomass diversion, the City's 2003 diversion rate would be
24 54 percent, of which one percent is from biomass. Board
25 staff therefore recommends the Board adopt option 3, which

1 would approve the City's new base year with staff
2 recommendations, and its biomass diversion claim.

3 Darryl Wong from the City of Milpitas is here.

4 CHAIRPERSON MARIN: Darryl, how are you?

5 MR. WONG: Good afternoon.

6 CHAIRPERSON MARIN: Thank you very much for being
7 here. We really appreciate it. I just need to know a
8 quick question on the biomass, what kind of feedstock is
9 that?

10 MR. WONG: It is feedstock that is collected by
11 our franchise hauler. And then they use the material --
12 they make a decision on how to best use the material and
13 then they allocate out the material that they collect from
14 the community.

15 CHAIRPERSON MARIN: But there is not one
16 particular, like for example, rice hogs -- so it's just --
17 okay.

18 MR. WONG: The community is kind of a blend.
19 We're primarily -- we're in Silicon Valley. And we have a
20 lot of industry that is associated with high-tech. And
21 also our community is pretty diverse. We have citizens
22 that work throughout the area. Our population actually
23 doubles during the day because of the influx of workers
24 within the industry.

25 CHAIRPERSON MARIN: Okay. And so the biomass,

1 where is it being taken? Which facility?

2 MS. DAVIS: It's a few different facilities.

3 It's Rio Bravo Rocklin, AES Mendota.

4 CHAIRPERSON MARIN: Oh, okay. So it's not just
5 one particular facility?

6 MS. DAVIS: No, it was several. And it was a
7 small percentage from the franchise hauler, from the C&D
8 operations and green waste.

9 CHAIRPERSON MARIN: Okay. All right. Well,
10 thank you. And I know just for the record it was
11 Darryl --

12 MR. WONG: Wong. I'm the utility engineer for
13 the City. And I deal with water, recycled water, urban
14 runoff issues. We bring -- in fact, I worked with the
15 local waste water pollution control plant, and we bring in
16 recycled water. And it is now about 5 percent of our
17 total water use. And I'm quite proud of our community.
18 We're very conscientious about being stewards to the
19 environment.

20 CHAIRPERSON MARIN: Well, certainly and at 54
21 percent you help us a lot in our mandate, so we really
22 appreciate that as well.

23 CHAIRPERSON MARIN: Okay. One more questions.

24 Ms. Peace.

25 COMMITTEE MEMBER PEACE: I just have one general

1 question. I guess on biomass, one of the concerns is says
2 the biomass facility exclusively processes biomass. Can
3 you explain exactly. So Madera Power and Soledad Energy
4 only process biomass.

5 MS. DAVIS: It's a certain material type. I
6 think that we're looking at is, you know, in -- and in the
7 item to meet the statutory requirements, you can only
8 process certain material types. And most of those
9 material types are green waste. So if they were using --
10 I think this gets at are they using any alternative fuel
11 like tires or, you know, other types of material other
12 than green waste or agricultural waste. And, no, they
13 were not.

14 COMMITTEE MEMBER PEACE: It's only basically like
15 they're not using tire chips, but that doesn't mean
16 they're not using coal or natural gas or -- I mean,
17 they're running their plant on other things other than
18 biomass?

19 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:
20 (Ms. Morgan nods head.)

21 CHAIRPERSON MARIN: I guess you had the same
22 question. That's why my very first questions was what
23 kind of feedstock are they taking in. Okay.

24 MR. WONG: Can I make one more comment?

25 CHAIRPERSON MARIN: Yes, please.

1 MR. WONG: I have a very small staff. And I want
2 to acknowledge the effort that Kathy Davis and your staff
3 assisted us on. There were very patient with my staff, to
4 make sure that each item that we submitted was validated
5 and was accurate. And we actually had several sessions
6 where we sat down with your staff and with the franchise
7 hauler. And so I want to extend my appreciation for the
8 efforts.

9 CHAIRPERSON MARIN: Thank you, Mr. Wong. We
10 usually get a lot of kudos for our staff. They do have
11 it. While we do trust you and everybody else, we trust
12 but verify, when you say it's true.

13 MR. WONG: Understood.

14 CHAIRPERSON MARIN: Thank you so very much. And
15 good luck and thank you for your efforts.

16 Okay, is there a motion?

17 COMMITTEE MEMBER WASHINGTON: Madam Chair, I'd
18 like to move adoption of Resolution 2005-171, Option 3.

19 CHAIRPERSON MARIN: Option 3.

20 Ms. Peace.

21 COMMITTEE MEMBER PEACE: Second.

22 CHAIRPERSON MARIN: Second. Moved and seconded.
23 Without objection, we'll substitute the previous roll
24 call, and we'll move on to the next item, and it will go
25 on consent.

1 The next item is Item 19.

2 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:
3 Consideration of a Request to Change the Base Year to 2003
4 for the Previously Approved Source Reduction and Recycling
5 Element for the Unincorporated Area of Orange County.

6 And Kaoru Cruz will make this presentation.

7 CHAIRPERSON MARIN: Okay, Ms. Cruz.

8 MS. CRUZ: Good morning again. The
9 unincorporated area of Orange County requested to change
10 its base year to 2003. The county originally submitted a
11 new base year change request with a diversion rate of 39
12 percent, up for 2003.

13 As a result of staff's verification findings,
14 staff is recommending changes to the base year. Based on
15 the change, the diversion rate will be 33 percent. As
16 part of the base year study review, both staff conducted a
17 detailed site visit in December 2004. As a result of
18 staff verification finding, both staffs proposed changes
19 can be seen in Attachment 3 of the agenda package.

20 Board staff is recommending Option 2 of the
21 agenda item, which would approve the revised new base year
22 with staff recommendation. A representative from the
23 county is present to answer any questions.

24 This concludes my presentation.

25 CHAIRPERSON MARIN: Okay. Thank you. Anybody

1 representing here the county?

2 Who is?

3 MS. LEONARD: Good afternoon. My name is
4 Michelle Leonard with SCS Engineers, the consultant to the
5 County. And we assisted them in the preparation of the
6 new base year study.

7 With me also today is Sue Gordon from the county,
8 and she'd also like to talk to you about some of the
9 issues that came up.

10 What I'd like to discuss is the 25,000 tons of
11 diversion that was taken out of the study. Originally,
12 the study as we presented it resulted in a 39 percent
13 diversion rate, which we feel is much more representative
14 of the diversion rate in the county than the 33 percent.

15 The 25,000 tons was -- is inert material concrete
16 and asphalt that's processed at one of the many C&D
17 processors in the county. The facility was visited by
18 Board staff. And after that visit, which was one of many
19 of the visits, they determined that they would not allow
20 us to include that tonnage in the report.

21 It's a facility that's been operating for many
22 years. They're mostly involved in concrete breaking and
23 processing of that material, and they process all of the
24 material. And it's true diversion.

25 But they do not have scales. They have been in

1 operation, as I said, for many years and have been
2 operating successfully without any complaints, without any
3 concerns, and it's not a facility that's just, you know,
4 stockpiling material for, you know, any kind of future
5 use. They do process all the material.

6 The estimate came from the facility operator
7 himself. We, as part of our study, sent out surveys to
8 all of the facilities and haulers and got a good response
9 rate. And he was one that responded and indicated that
10 approximately -- or he indicated 25,000 tons came from the
11 count unincorporated area. He bases that information on
12 the number and types of trucks that come into his
13 facility, and his knowledge of, you know, how much that
14 material weighs.

15 After many attempts to get some type of written
16 documentation, the facility basically has said, you know,
17 we don't have that documentation. My feeling is they've
18 just -- they are concerned about giving that information
19 out. They are a smaller operation than others in the
20 county. And I think their concern is that this
21 information is proprietary and they really don't want it
22 to get out in the public, you know, what they're doing and
23 how much they're doing, in terms of you know concern about
24 competition.

25 So we would like to see that tonnage. We feel

1 that that tonnage should be counted in the base year
2 study. It is a significant amount. It was the
3 difference, again, between a 39 and a 33 percent diversion
4 rate, so it's 6 percent of the diversion in the County.

5 CHAIRPERSON MARIN: Let me ask staff, why didn't
6 we -- what was our reason?

7 MS. CRUZ: Well, we couldn't verify any record.
8 We went to the facility, but the facility itself doesn't
9 have any -- we couldn't see the activity over there. It's
10 just the office. We went to the office and met the
11 contact person. And when we requested to see some kind of
12 documentation to verify the claimed tonnage, they could
13 not provide it to us at that time.

14 However, the City and the consultant wanted to
15 gather such information, any kind of information --
16 Michelle just said that the number -- the estimate is
17 based on the number of trucks. So if we could verify and
18 then see some kind of documentation it is said that based
19 on the weight ticket, and if you can see any kind of
20 documentation, we could have included it.

21 And we have already notified -- the city has --
22 I'm sorry, the county has until the end of 2006 to get
23 such information, so that they can correct the base year
24 later.

25 CHAIRPERSON MARIN: Okay. All right. Any

1 questions?

2 Ms. Peace.

3 MS. LEONARD: I just might add that we've spent a
4 lot of time contacting -- I called the gentleman there on
5 a weekly basis, and I just feel that, you know, at this
6 point, he's just reluctant to, you know, release any of
7 the information. Again they're a small company. They
8 don't have scales. You know they have trucks and so he
9 knows, based on the types and sizes and types of
10 materials, that, you know, that information is accurate.

11 And we did discuss with Kaoru about, you know,
12 coming back later to try to, you know, if we could get the
13 information. But this agenda item has already been
14 delayed for many months as we tried to get that
15 information from him. So I'm not sure that that's, you
16 know, going to be a solution to it.

17 CHAIRPERSON MARIN: Okay.

18 COMMITTEE MEMBER PEACE: You feel like the
19 information is there, but they're just not giving it to
20 you?

21 MS. LEONARD: I'm sure that they are a legitimate
22 company. Again, we've had -- the county, the LEA has had
23 no complaints about them. They are legitimate company.
24 So I'm sure they filed, you know, income tax, which
25 probably would indicate how much, you know, gross revenues

1 they make, et cetera. And you could probably extrapolate
2 that back on that. But, you know, short of asking them
3 for that type of information, you know, I don't think that
4 they are willing to try to come up with any other types of
5 information.

6 CHAIRPERSON MARIN: Well, 6 percentage points or
7 6 points is a very significant amount, number 1. But then
8 the question is, okay, so that takes you to 39, give or
9 take, and then what happens with the other 11 percent?

10 MS. LEONARD: The second half of the
11 presentation.

12 MS. GORDON: I'm Sue Gordon, manager of
13 environmental programs for Integrated Waste Management
14 Department, County of Orange.

15 Our unincorporated county is quite an unusual
16 area. We call it the holes in the swiss cheese. What's
17 happened throughout the development of Orange county is
18 that for some unknown reason sometimes cities will
19 incorporate, but pieces of it will not, and will still
20 unincorporated areas.

21 So what we've ended up with is a whole display --
22 in fact, I brought a map, but I spilled coffee on it in
23 the airplane, so it doesn't look really good. But it
24 shows us looking where -- we are little pepper corns all
25 over the place. We're scattered. You may have 250

1 households in the middle of Anaheim. You may have 50
2 households in Tustin. Needless to say, trying to get a
3 grip on the activities that are going on in these little
4 polka dots throughout the county is difficult at best.

5 But what really aggravated the situation was our
6 bankruptcy. In 1994, that's when everything hit the fan,
7 and what happened as a result of that was a great push to
8 annex all those little islands. In the year 2000 there
9 were over 50 islands scattered throughout Orange County.
10 And as this process of annexation took place, we are now
11 looking at only 26 islands, which, you know, before we had
12 50.

13 But still, you know, in terms of general
14 communities we really only have a couple of communities,
15 one is Rossmore, which is about 15,000 people and Cota De
16 Caza, which is about 24,000 people, and the rest of it is
17 is Cleveland National Forest, open space, NCCP, Nature
18 Preserve, landfills. So, you know, we have a unique
19 situation where we've lost 50 percent of our population
20 over the last 4 years.

21 And one of the things that came about as a result
22 of our new base year, we did waste audits on our top 10
23 commercial businesses. Well, what we found is that some
24 of the -- when the haulers gave us their top 10, when our
25 consultants went out to do the audits, we found out they

1 were in cities. So what we're finding is we think that
2 maybe hauler records have not kept up with the rapid pace
3 of annexations.

4 And so, you know, we're in the process right now,
5 in fact, SCS will be doing a hauler audit in the near
6 future to try and get our addresses right, so we know
7 what's unincorporated and what is city.

8 We also lost 5 areas because our south county
9 developed so rapidly. And when we had programs put in
10 place in that area when it was unincorporated, we had
11 Leisure Laguna Woods in Leisure World at the time. It was
12 unincorporated. That was a closed loop city. We got
13 great diversion. If you look at our first number, it was
14 40 percent. That's when it was part of the unincorporated
15 area.

16 But as with incorporations taking place, we ended
17 up losing an area that was equivalent now to 5 cities who
18 have our programs in place and reaping our successes. So
19 what's happened is we're shrinking down, and the county's
20 goal now is really to only provide regional services. I
21 foresee a time where we will not have any islands left.
22 We may have the communities that don't wish to
23 incorporate, but, you know, it's such a rapidly changing
24 environment that no one can keep pace with what's
25 happening.

1 What I thought was interesting when I was doing
2 some research on this, we are the smallest county in
3 southern California, but we're the most -- second dense in
4 the state after San Francisco. We have 3,822 people per
5 square mile overall in the county. In the unincorporated
6 area, we have 386 people per square mile.

7 So what you've got is people living in canyons,
8 people living in the hills, and dispersed all over the
9 place. So it's very difficult to keep track of the
10 accuracy of the diversion and the disposal that goes on.
11 So that's what we're attempting to do now, now that we
12 have a good base year.

13 If we could get that additional 6 percent, it
14 would even be better. But, you know, we have an evolving
15 situation there that hasn't stopped yet. We still have 14
16 more areas that have to be annexed, and that means more
17 population that we've lost.

18 There's also been a switch in the sectors.
19 Whereas, we used to have more of an equal split between
20 commercial and residential, we are now more commercial
21 than we are residential. In fact, it's 75 percent 77
22 percent commercial, and 25 percent residential. So we've
23 had a switch there as well.

24 So it's just a rapidly changing environment,
25 which poses unique challenges for stable programs.

1 CHAIRPERSON MARIN: Okay. I know Ms. Peace
2 wanted to ask a question.

3 COMMITTEE MEMBER PEACE: I was going to say so if
4 you can get that processing facility to give you some
5 actual weight slips or something, then we can always go
6 back and change their base year.

7 CHAIRPERSON MARIN: That's what we're hoping to
8 do.

9 MS. GORDON: Is there a possibility that we could
10 get part of it -- part of that tonnage? Instead of an all
11 or nothing could we get part of it?

12 MS. CRUZ: Well, we have to verify the tonnage
13 somewhere. And then one of the facilities we went and I
14 think it's RF Processing Facility -- no, I'm sorry the
15 other facility. Anyway, we physically went to the office,
16 because they don't want to release the information like
17 fax it to us or Email it to us. So we physically verified
18 their documentation in their office. And as long as we
19 verified it, we didn't bring back any copies. So their
20 information is still there, and it's confidential. Just
21 note it in the modification table that it's been verified.

22 So if this facility would allow us to visit the
23 office and take a look at their records, and verify there
24 are and don't, you know, bring in any documentation, that
25 would be a possibly, too.

1 CHAIRPERSON MARIN: Good. I don't know that it
2 would be appropriate for us, just without verifying, to
3 give you the credits. But we certainly would love to work
4 with you and try to get that verification as soon as
5 possible.

6 I don't know what else it would take. I'm sure
7 this particular company --

8 MS. GORDON: Because they're not required to
9 report anything. I mean, they're not. So we're kind of
10 being at a disadvantage because they're not required to
11 report, even though they voluntarily provided the
12 information to us. They had no reason to bogus up the
13 numbers. I mean, we just sent out a mass survey to all
14 these folks, and they replied. They were some that did
15 replay back. They had to base it on something.

16 CHAIRPERSON MARIN: Well, absolutely. And I'm
17 sure, you know, there could be a round about way. It
18 would seem me that it is in their best interests to
19 cooperate, not only with the Board but certainly with the
20 county. I mean, they are providing a service in the
21 county and they are --

22 MS. GORDON: Right. We've been at them for
23 months, weekly calls, nagging.

24 CHAIRPERSON MARIN: Yeah. But well, let's see if
25 we can get these numbers one way or another verified. I

1 mean, I'm not going to disclose what my tactics would be.

2 (Laughter.)

3 CHAIRPERSON MARIN: We tried to get it, but we
4 certainly -- there are ways to -- we can find information.
5 And certainly very legal ways. I'm not -- my legal staff
6 is already looking at us. You know, we do surveys. We do
7 surveys all the time. We can do all kinds of different
8 surveys. So let's see if we can get somewhere somehow the
9 verification of that, and we'll go from there.

10 We appreciate the uniqueness of the county. And,
11 you know, I've visited 41 counties Orange County being one
12 of them already. But I appreciate, you know, the -- I
13 think the -- what was it the cheese that you suggested?

14 MS. GORDON: Swiss cheese.

15 CHAIRPERSON MARIN: Swiss chees analogies is
16 perfect. And you're in the hole right now, what can we
17 say. But with that, I think that your request to change
18 the base year would be approved. Is there a motion to
19 that effect?

20 COMMITTEE MEMBER PEACE: Okay I'd like to move
21 Resolution number 2005-172.

22 CHAIRPERSON MARIN: Okay.

23 COMMITTEE MEMBER WASHINGTON: Second

24 CHAIRPERSON MARIN: Moved and seconded. Without
25 objection, that will be the order and we will put this

1 item on consent.

2 Okay let's -- 20 we just did. So we'll go to 21.

3 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:

4 Consideration of a Second SB 1066 Time Extension

5 Application by the Following Jurisdictions: The Cities of

6 Brawley, Calexico, Calipatria and the City of Imperial and

7 Imperial County. And Tara Gauthier will make this

8 presentation.

9 CHAIRPERSON MARIN: Thank you, Tara. Oh, wait a
10 minute. I'm so sorry. I had somebody that wanted to
11 speak on this item before?

12 No need. Okay, thank you, Mr. Edgar.

13 Okay. Thank you.

14 MS. GAUTHIER: Good afternoon Committee Members.

15 The Cities of Brawley, Calexico, Calipatria and Imperial

16 in Imperial County have requested an extension through

17 December 31st, 2005. These jurisdictions first time

18 extensions have been ended. And despite their efforts to

19 meet the timelines in their first plans of correction,

20 they will need additional time to implement programs.

21 Board staff has determined that the information

22 submitted in all the applications is adequately

23 documented, and is recommending that the Board approve the

24 time extension request for these jurisdictions.

25 Representatives from the jurisdictions are

1 present to answer any questions. This concludes my
2 presentation.

3 CHAIRPERSON MARIN: Thank you. We will. And we
4 will through them really quick.

5 Let me see, City of Brawley.

6 I'm so happy to see you again.

7 MS. ARELLANO: Thank you, likewise.

8 Committee members, my name is Yazmin Arellano,
9 Public Works Director for the City of Brawley. And I
10 would just like to address the Committee members,
11 basically just giving a few pointers out of our
12 jurisdiction which is the City of Brawley, which is a
13 self-hauler. The City has struggled with different
14 programs to achieve a 43 percent diversion during the last
15 year, just because we're self-hauler.

16 One of the alternatives to increase our diversion
17 that the City of Brawley is studying is to privatize its
18 solid waste operations because of the large type of
19 investment that is needed.

20 Currently, the City of Brawley has a pilot
21 recycling area with the lowest contamination rate in the
22 Imperial Valley. The City of Brawley offers free
23 commercial cardboard pickup, very successful to the
24 commercial clients. And we usually pick up about 150 tons
25 of cardboard per year on average.

1 In addition, the City has expanded its Material
2 Recovery Facility to include tires, aside from mixed
3 paper, cardboard, aluminum, plastic and glass.

4 The City of Brawley is considering running a
5 green waste drop-off area as an interim program while
6 considering the curbside expansion. This City of Brawley
7 ran a pilot program during the months of April and May,
8 during 5 weeks opening the city yards on Saturdays. And
9 this was advertised on a community service channel,
10 newspaper, radio and hand-delivered notices.

11 We had about 35 families show up during these 5
12 weeks. The City of Brawley also needs more time to
13 implement our Construction and Demolition Debris
14 Ordinance. We just finished the advertisement period to
15 hire the inspector, the C&D Inspector. And we did that
16 because we had to -- it was funded on the fiscal year
17 05/06 budget, which just became effective on July 1st.

18 But we started advertising during the month of
19 June. And we're pretty much ready to hire the C&D
20 inspector.

21 Also, we request more time to enter into phase 3
22 of our street rehabilitation project. During '04 we
23 completed the phase 1, which was a pilot project, which we
24 utilized 4,072 tires, equivalent to 40.72 tons. And
25 during '05 we finished phase 2, which we utilized 10,921

1 tires.

2 And we have the fall/winter project 05/06, which
3 we're estimating to utilize at least 12,000 tires, which
4 is equivalent to 120 tons. So we put all these three
5 projects together in the last 3 years, we're looking at
6 approximately 270 tons of tires, utilizing an air-ram
7 technique. And I could expand on that, if you wish.

8 In addition, we're also request the recycling of
9 materials in all of our capital improvement projects.
10 When we do -- we recycle are grinds within our facilities,
11 we apply them to the water plant or to the waste water
12 plant apply the SS1H oil after compaction.

13 And also concrete and base are taken to a local
14 facility to be processed into a Class 2 base.

15 And, at this point, I would like to answer any
16 questions the Board may have.

17 CHAIRPERSON MARIN: We appreciate the work that
18 you guys are doing. I was actually very impressed. I
19 visited the City of Brawley and happy to see that Public
20 Works director being a women, and a Latina and it makes me
21 proud.

22 But I just wanted to ask you on the C&D
23 Ordinance. It has not been approved by the City Council.
24 They're already hiring somebody.

25 MS. ARELLANO: No, it was approved back in '04.

1 It's just that the position was not funded. But we
2 managed to fund the position for fiscal year 05/06. The
3 inspector is going to be working under the Building
4 Department. He's going to be a part-time inspector, part
5 time C&D.

6 CHAIRPERSON MARIN: Excellent, okay. Any further
7 questions?

8 COMMITTEE MEMBER PEACE: Did I read that you have
9 laid some rubberized asphalt concrete roads?

10 MS. ARELLANO: Yes.

11 COMMITTEE MEMBER PEACE: Great. Also, do you
12 already have a recycled content procurement policy or are
13 you in the process?

14 MS. ARELLANO: I'm in the process, yes. We
15 should establish that by October.

16 COMMITTEE MEMBER PEACE: Great. Thank you.

17 CHAIRPERSON MARIN: Good. We like October
18 September. Would be better, but October is fine.

19 Thank you very much, Ms. Arellano.

20 MS. ARELLANO: Thank you.

21 CHAIRPERSON MARIN: Pretty soon are we going to
22 have a little Ms. Arellano.

23 MS. ARELLANO: Pardon me?

24 CHAIRPERSON MARIN: Are we goig to have a baby?

25 MS. ARELLANO: Yeah, a boy. Two more months.

1 Thank you.

2 CHAIRPERSON MARIN: I thought I remembered that.

3 Okay. Great. Mr. or Mrs. Calexico. Anybody here from
4 Calexico? Mr. Calexico.

5 MR. DOUTHITT: Good afternoon, Madam Chair and
6 Committee members. My name is Bob Douthitt, and I'm with
7 the Imperial Valley Waste Management Task Force, and today
8 I'll be representing the City of Calexico as well as
9 Calipat.

10 And you want to begin with Calexico, correct?

11 CHAIRPERSON MARIN: Please. Yeah. The concern
12 is that you're at 34 percent. And I wanted to ask staff
13 are they considered rural?

14 MS. GAUTHIER: No.

15 CHAIRPERSON MARIN: All right. So they haven't
16 applied for the rural exception.

17 CHAIRPERSON MARIN: Tell us how you're going to
18 go all the way to 50 percent.

19 MR. DOUTHITT: I'm sorry, what?

20 CHAIRPERSON MARIN: Tell us how you're going to
21 achieve 50 percent?

22 MR. DOUTHITT: Oaky, here we go. The City of
23 Calexico is working with the hauler to increase
24 residential participation to reduce the contamination of
25 recycling and green waste. And the city is actually going

1 to go ahead and, I guess they already have, set up
2 monetary penalties for contamination.

3 They're also expanding the commercial recycling
4 to include multi-family units. And the City is also
5 working with the hauler to assist school districts to set
6 up recycling services. And Calexico has passed a C&D
7 Ordinance in 2004. And the program is to be monitored by
8 a new staff position. I believe it's the Chief Building
9 Officer.

10 And that concludes the plan of correction. Do
11 you have any questions?

12 CHAIRPERSON MARIN: Go ahead.

13 COMMITTEE MEMBER PEACE: Well, you know why my
14 standard question is

15 CHAIRPERSON MARIN: I know what your question is
16 going to be.

17 COMMITTEE MEMBER PEACE: Do you have a recycled
18 content procurement policy?

19 MR. DOUTHITT: I'm sorry, what?

20 COMMITTEE MEMBER PEACE: Do you have a recycled
21 content procurement policy in the City of Calexico where
22 you buy recycled content items.

23 MR. DOUTHITT: I don't know if Calexico has it or
24 not. I know that Calexico has been, in the last several
25 years has been growing tremendously and developing. And

1 they've just been real short of staff. And they're now
2 really getting in line to take care of things, but I don't
3 know if they have a procurement resolution

4 CHAIRPERSON MARIN: Okay. Mr. Douthitt, I think
5 that this Board really more than encourages cities to
6 adopt those ordinances, and make sure that they're the
7 law, that they are actually enforced. So if you could go
8 back to the City of Calexico.

9 This is very disconcerting, because as I'm sure
10 you've been here throughout the morning, and you've heard
11 that there are some cities that do a very good job, many
12 of them are achieving more than 50 percent. And we really
13 appreciate that. And so when we have a city at 34 percent
14 or less than that, it's a big concern for us, because if
15 there's something that we need to do, we would like to
16 help the City achieve its 50 percent. You know, we're
17 only as successful as the individual cities are.

18 And so I would hope and the staff is confident
19 that I know that some of us become very concerned when,
20 you know -- when the current rate or at least the latest
21 figures show very, very low 34 percent diversion rate.
22 It's of concern. And while we appreciate the uniqueness
23 of each city, somewhere somehow 34 percent is not
24 acceptable.

25 MR. DOUTHITT: I understand that. And they do

1 too. And they may have a procurement resolution in place.

2 And I don't -- that's one question I did not ask, so I

3 don't know.

4 CHAIRPERSON MARIN: Okay.

5 Ms. Peace.

6 COMMITTEE MEMBER PEACE: Well, a feel city is not

7 making a good faith effort unless they buy recycled

8 products. So can we add that to their plan of correction?

9 Mr. Washington.

10 COMMITTEE MEMBER PEACE: Actually, I'd like to

11 make sure that's brought up in all of these things from

12 now on. If it's not -- if they don't have one to add that

13 to their plan of correction.

14 CHAIRPERSON MARIN: You know, that's a good

15 point. And the same thing with C&D Ordinances. That

16 should be a requirement period, no questions asked.

17 COMMITTEE MEMBER WASHINGTON: Whether emergency

18 or otherwise.

19 CHAIRPERSON MARIN: Yeah. And if they had

20 promised it and they haven't done it, that that should be

21 a real read flag to all of us.

22 Okay, is everybody satisfied with Callexico?

23 Okay, Calipatria.

24 MR. DOUTHITT: Okay.

25 CHAIRPERSON MARIN: Now, this one is a little bit

1 better. This one is at 49 percent.

2 MR. DOUTHITT: Well, they don't have far to go on
3 this one.

4 CHAIRPERSON MARIN: But they don't have a C&D --

5 MR. DOUTHITT: They do not have a C&D Ordinance.
6 And it's only because the city is so small, and they just
7 built a school 2 or 3 years -- several years back, and
8 they had a lot of cooperation running everything through
9 the C&D, at that point. And they do have some plans for
10 30 or 40 houses being built this year, which they think --
11 they don't know if it's going to be enough to justify
12 somebody to monitor that or not, but they feel confident
13 that because of the success they had with the school C&D
14 program that they'll --

15 CHAIRPERSON MARIN: How many --

16 MR. DOUTHITT: How many residents in Calipat? I
17 think there's like 2,500.

18 CHAIRPERSON MARIN: Twenty-five hundred. And the
19 growth -- anticipated growth?

20 MR. DOUTHITT: Well, the growth has been very
21 slow, but they have -- the City Planner has, I think,
22 plans for around 300 residences this year. Well, I think
23 30 or 40 this year and the rest of it next year.

24 CHAIRPERSON MARIN: Well, the same goes through.
25 See for us, when a city is --

1 COMMITTEE MEMBER WASHINGTON: Incorporated.

2 CHAIRPERSON MARIN: Well, when a city is
3 attempting to develop all of their programs, for us that's
4 more than a good faith effort. You know, they can come up
5 with -- some cities come up with all kinds of different
6 excuses as to why they can't go this way. Well, to us
7 that's not a good faith effort, but we have cities that go
8 beyond -- you know, they attempt to develop their
9 programs. They put their ordinances in place. They try
10 to get them enforced.

11 For us, that's very important. And they're
12 showing, in fact, the good faith effort that Ms. Peace is
13 talking about. And if you can take that back to them, we
14 very much appreciate that.

15 MR. DOUTHITT: We'd be happy too.

16 CHAIRPERSON MARIN: And the last one is the City
17 of Imperial.

18 MR. DOUTHITT: Are we finished with Calipat?

19 CHAIRPERSON MARIN: I'm sorry. Are there any
20 further questions?

21 COMMITTEE MEMBER PEACE: I think we're going to
22 add the recycled content procurement policy in their
23 action also.

24 MR. DOUTHITT: I would like to add that they do
25 have a procurement resolution, the City of Calipat does.

1 CHAIRPERSON MARIN: Oh, they do. Okay, great.

2 Six to one and half dozen of the other, okay.

3 COMMITTEE MEMBER PEACE: So we don't need to add
4 that then

5 CHAIRPERSON MARIN: I guess that one doesn't need
6 to be added. Okay.

7 Nothing, Mr. Washington?

8 Okay. But the C&D you're going to let them know,
9 that we would like to see that on their books.

10 MR. DOUTHITT: I will definitely let them know
11 about the C&D. They knew that was a problem. I talked to
12 them about there before coming up here. And they just
13 felt that, at this time, they just couldn't -- it's just
14 tough for them to justify someone to monitor it, I guess.

15 COMMITTEE MEMBER WASHINGTON: Yeah, and that's
16 fine, but as a city they're incorporated, and they have to
17 meet the state law. So they have to -- I mean, you guys,
18 are taking waste in that city. You understand? And it
19 has to be monitored as to where this waste is going. So
20 they are going to have to hire somebody. Maybe, they have
21 to hire somebody part time or something.

22 MR. DOUTHITT: Yeah, I think they do have it. At
23 least they were able to monitor. I think they want to try
24 to do it like they did the schools and which the C&D was
25 monitored.

1 CHAIRPERSON MARIN: Yes. Although schools are
2 also under another mandate. They have a different mandate
3 on their own. It's different than businesses or
4 developers.

5 MR. DOUTHITT: Okay, is that it?

6 CHAIRPERSON MARIN: So the request is for them to
7 develop a C&D Ordinance.

8 MR. DOUTHITT: Okay.

9 CHAIRPERSON MARIN: That's part of the plan.

10 COMMITTEE MEMBER PEACE: Because I was going to
11 say because there isn't much development there now. There
12 isn't much development, so is that something that we need
13 them to do now or something to look at?

14 CHAIRPERSON MARIN: They anticipate 300 to 400
15 homes to be built.

16 COMMITTEE MEMBER PEACE: Oh, I thought it just
17 said if they were to build 300 homes, then they might
18 generate enough money to hire --

19 MR. DOUTHITT: Yeah, but that's only 30 or 40
20 homes. Not 300. I mean, there's plans for 300, which
21 will probably be in a year from now. But up to finish in
22 this year, probably only get 30 or 40 done. Okay. And so
23 that's the problem going forward with the building
24 inspector.

25 COMMITTEE MEMBER PEACE: With limited staff

1 they're already at 49 percent and they have a very limited
2 staff, and there isn't much development. Are we really
3 going to -- like, we just said we wanted to see a C&D
4 Ordinance. But in this particular case, it seems to me a
5 small community, there's no development.

6 CHAIRPERSON MARIN: Well, I actually thought that
7 they were going to be building 300 to 400 homes. If
8 that's not the case --

9 MR. DOUTHITT: It's kind of a misnomer, because
10 really what they have going for them in Calipat is the
11 Calipat State Prison, and they get a lot of the diversion
12 from there.

13 CHAIRPERSON MARIN: Right.

14 COMMITTEE MEMBER PEACE: Do we really need them
15 to focus their limited resources at this time?

16 CHAIRPERSON MARIN: No, I thought -- I was under
17 the impression that it was going to be 300 to 400 homes.
18 If that is not the case, then I stand corrected.

19 COMMITTEE MEMBER WASHINGTON: Yeah.

20 CHAIRPERSON MARIN: Okay. Good. Next item will
21 be the City of Imperial. State your name for the record
22 please.

23 MR. LOPER: Good afternoon. My name is Jackie
24 Loper. I'm the Public Services Director for the City of
25 Imperial.

1 COMMITTEE MEMBER WASHINGTON: Pull that mic up to
2 you.

3 CHAIRPERSON MARIN: Mr. Goldberg?

4 MR. LOPER: Loper.

5 CHAIRPERSON MARIN: Loper.

6 MR. LOPER: Yes.

7 CHAIRPERSON MARIN: Tell us -- you are at 34
8 percent.

9 MR. LOPER: Yes.

10 CHAIRPERSON MARIN: Okay, that's not good.

11 MR. LOPER: No. I'll back up and let you know.

12 We've just started this program, as far as myself. If you
13 asked me 16 months ago about trash, All I knew is it's
14 something you throw in the sack in the corner of the
15 kitchen. So from there I've learned a lot about solid
16 waste and what's gone on. And the City has gone through
17 basically a whole new round of personnel.

18 In the last year, we have adopted a C&D
19 Ordinance. It is being enforced by a code enforcement
20 officer. He goes out on Fridays and looks at the
21 contamination rate and the enforcement rate in the
22 recycling cans -- into the recycling containers. We do
23 use a 3-bin container. We have one for green waste, one
24 for recycle and then the standard black one for house
25 waste.

1 We have also passed a mandatory recycling
2 ordinance in the city that says all within the city will
3 recycle, this includes multi-family, apartment complexes,
4 commercial and industrial. So we are doing the C&D. He
5 is in the process of -- he has notified all of the
6 builders in the city. We have 4 active builders in the
7 city that are building housing developments anywhere from
8 about 150 homes up to about 1,400 homes in the
9 development. He's working with them, and they are working
10 with him by contrast. As well as, he does monitor the
11 home recycling on Friday mornings.

12 We do have a procurement policy that's been in
13 place since 2002, and we use a centralized supply room so
14 that one person orders the supplies in and hands' them out
15 to the different departments.

16 We have just recently renegotiated a contract
17 with our hauler that has a financial incentive to the
18 commercial and industrial users in the city to recycle.
19 And basically that it is no matter what size the container
20 is it is a set price, so it encourages them to recycle by
21 putting more and more things into the recycling container.
22 And most of this has happened probably in the last 9
23 months.

24 We have gotten the schools on board with the
25 unified school district in its entirety, recycling in the

1 classrooms. And we have gone to our largest waste
2 generator in the city, which is the Imperial Irrigation
3 District, the power and water utility down there. And we
4 now have their corporate headquarters recycling to the
5 extent that they have taken their trash compactor and it
6 is now a recycling compactor and they utilize a standard
7 dumpster for waste.

8 CHAIRPERSON MARIN: Okay. So when we have
9 visited -- well, when we have reviewed all of their
10 current programs, I mean, this -- many of us have just
11 taken place over the last few months.

12 MR. LOPER: Most everything has taken place
13 within the last 12 months.

14 CHAIRPERSON MARIN: Okay. Well, so we're pretty
15 confident that they do all of this?

16 MS. GAUTHIER: Yes.

17 CHAIRPERSON MARIN: Okay. They do have a
18 procurement policy.

19 COMMITTEE MEMBER WASHINGTON: Do they have a C&D?

20 CHAIRPERSON MARIN: And they do have a C&D, so we
21 appreciate that.

22 COMMITTEE MEMBER PEACE: And I understand they
23 also have laid some rubberized asphalt concrete roads.

24 MR. LOPER: Yes, we do that as well. We grind
25 and recycle all of our sidewalks asphalts. We have demoed

1 a water tank that was mandatorily recycled, as well as a
2 building demolition that the City owned the building and
3 that was entirely recycled.

4 CHAIRPERSON MARIN: Great. Wonderful.
5 Wonderful. Well, thank you. Thank you for coming, and
6 thank you for staying. We really appreciate it. I know
7 it was a long drive. Well, a long drive from Imperial no
8 to San Diego, you probably went to San Diego, right?

9 MR. LOPER: We left about 2 o'clock this morning.

10 CHAIRPERSON MARIN: You're going to get no
11 sympathy from me in that regard.

12 (Laughter.)

13 CHAIRPERSON MARIN: I know it will be a very long
14 drive back as well. So thank you very, very much for
15 coming. We really appreciate it. We wish you a lot of
16 luck. And we want you to succeed.

17 MR. LOPER: Thank you.

18 CHAIRPERSON MARIN: Thank you, Mr. Loper.

19 Okay, guys you ask too many questions.

20 Is there a motion to --

21 COMMITTEE MEMBER PEACE: I'd like to move
22 Resolution number 2005-174.

23 COMMITTEE MEMBER WASHINGTON: Second.

24 CHAIRPERSON MARIN: Okay. Moved and seconded.
25 Without objection that will be the order of this committee

1 and it will be placed on consent.

2 Next item is item number 22.

3 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:

4 Consideration of a Second SB 1066 of Time Extension

5 Application by the Following Jurisdictions: see if I can

6 get this right, the City of Roseville, Placer County and

7 the San Benito County Integrated Waste Management Regional

8 agency, San Benito County. And Kyle will address the City

9 of Oceanside in his presentation.

10 MR. POGUE: Hello again. Kyle Pogue, Office of

11 Local Assistance.

12 Please note that the City of Oceanside's request

13 for a second time extension has been removed from this

14 item and will be heard at the Sustainability and Markets

15 Committee in August. You should have an amended

16 resolution reflecting this change.

17 The City of Roseville and the San Benito County

18 Integrated Waste Management Regional Agency have requested

19 a second SB 1066 time extension through December 31st,

20 2005. These jurisdictions' first time extensions have

21 ended. And despite their efforts to meet the timelines in

22 their respective first plan of corrections, they will need

23 additional time to implement programs.

24 Staff's analysis of these second SB 1066 time

25 extension requests is that they are reasonable given the

1 barriers these jurisdictions have faced. Board staff has
2 determined the information submitted in the applications
3 has been adequately documented and recommends that the
4 Board approve the time extension requests for these
5 jurisdictions.

6 The City of Roseville's representatives, Terry
7 Bosik and Mike Tilley, are available to answer any
8 questions. The representative from the San Benito County
9 Integrated Waste Management Regional Agency was not able
10 to attend today's Committee meeting as she was already
11 pre-registered and prepaid for the CRRA conference
12 occurring this week.

13 This concludes my presentation.

14 Thank you.

15 CHAIRPERSON MARIN: Okay. Mr. Pogue, who's here
16 from the City of Roseville?

17 MR. POGUE: That would be Terry Bosik and Mike
18 Tilley.

19 MR. BOSIK: Good afternoon, Madam Chair.

20 CHAIRPERSON MARIN: How are you?

21 MR. BOSIK: I'd be happy to answer any questions
22 you may have.

23 CHAIRPERSON MARIN: I need to understand a little
24 bit more of your barriers for the implementation when we
25 gave you the first extension, you ran into some barriers.

1 How successful are you going to be now?

2 MR. BOSIK: Okay, what we've started into -- oh,
3 I'm sorry. I'm Terry Bosik. I'm the Refuse Utility
4 Manager for the City of Roseville, Environmental Utilities
5 Department.

6 Since the last 1066 extension has been put in
7 place, we've gone ahead and accelerated the program for
8 our green waste collection program. We started a pilot
9 program in 2004 and issued 7,000 containers to 20 percent
10 of our customer base. That was a really well received
11 program that customers really took well to it. We've had
12 no contamination problems. Everybody did a great job on
13 it.

14 In fact, out of the 7,000 cans, we've only pulled
15 2 of them back in because of people contaminating them,
16 and that was after we gave them quite a few chances to
17 correct their problems. Since then we've implemented --
18 issued another 10,000 containers. So currently we have 50
19 percent of the city with green waste programs. We had a
20 city council meeting last Wednesday night where we were
21 discussing our refuse rates as well as the water and waste
22 water rates, but the green waste got highlighted. They
23 talked about it more than anything else. Everybody else
24 just kind of went through and they wanted to accelerate
25 the remainder of the green waste collection program, so

1 that we could get the cans out to everybody else. So
2 we'll be implementing the rest of the program within the
3 next 18 months.

4 CHAIRPERSON MARIN: How many is that?

5 MR. BOSIK: That will be 35,000 homes.

6 CHAIRPERSON MARIN: Wow.

7 MR. BOSIK: What we do is we issued all the cans
8 in February because that's kind of the slow time of year
9 for refuse. And it's after the Christmas tree collection
10 is taken care of. And so we can go ahead and issue those
11 cans during the downtime, and that way we -- just before
12 the March spike and green waste whenever everybody gets
13 out and starts working on their yards and throwing their
14 green waste away we can get the cans to them and really
15 get a good jump on the program. And, like I say, it's a
16 really well received program.

17 Other items that we've worked on recently just
18 became effective July 1st, 2005 is the new contract with
19 our Materials Recovery Facility operator, where he will be
20 boosting our C&D recovery. They're virtually doubling the
21 size of the floor space for their C&D materials, as well
22 as they're going to incentive to put in place 2 people
23 that haul C&D with reduced tipping fees.

24 They've dropped the tipping fees down the \$50 a
25 ton. And as of, I believe, it's July 1st, 2006, I

1 believe, it's going down to \$45 a ton. So there will be
2 another additional incentive there.

3 We also when we deal with our contractors and
4 developers, we give them information as to a local asphalt
5 and concrete recycler, which is virtually across the
6 street from the City of Roseville's corporation yard. But
7 he's actually in the county. The other side of the street
8 is the county. They have given us records that they've
9 been recycling anywhere from 80,000 to 110,000 tons of
10 asphalt and concrete from Roseville.

11 Recently, the City of Lincoln took credit with
12 their new base year and took 10 percent of that. So we've
13 had preliminary discussions with Board staff and we're
14 looking to claim about 70 percent of that with a new base
15 year study that we're in the process of doing, and on in
16 the new base year.

17 We're also going to be submitting a new base year
18 request for 2004. We've done preliminary numbers for
19 2003, but we didn't have all the contacts in place at that
20 time. And we found at that point we were up around 60
21 percent diversion with new numbers that we can count.
22 It's not all in place yet for 2004, but we feel really
23 comfortable that the numbers should be up around that same
24 number.

25 CHAIRPERSON MARIN: Really?

1 MR. BOSIK: Yes.

2 CHAIRPERSON MARIN: Like in 18 months you're
3 going to be at 64 percent?

4 MR. BOSIK: We should be around 60 percent for
5 the 2004 calendar year.

6 CHAIRPERSON MARIN: Really? Really? You think
7 so?

8 MR. POGUE: Yes.

9 CHAIRPERSON MARIN: That would be great. I'll
10 give you stars.

11 MR. BOSIK: We've been collecting the information
12 since 2003, so -- but like I said, we weren't quite
13 comfortable with having all the contacts in place for all
14 the numbers. And so we're fine-tuning that now for 2004
15 and should have all that in for the final 2004 report.

16 As far as procurement, one of our main deals that
17 we go through is rubberized asphalt. We've had --

18 CHAIRPERSON MARIN: We have the Queen of
19 rubberized asphalt concrete.

20 (Laughter.)

21 MR. BOSIK: We've had a policy in place since
22 calendar year 2000 where we require rubberized asphalt on
23 all capital improvement resurfacing jobs throughout the
24 city. It started off, I think, it was something like
25 7,000 or 8,000 tons in 2000. It's progressively got more

1 till 200 -- last year in 2004, there was over 27,000 tons
2 of rubberized asphalt used on city projects.

3 So we're real happy with the progress that's
4 making. We're also using the seal when we go around and
5 seal the streets, that's all got rubberized content that
6 is required there. We've also just recently incorporated
7 a portion of Placer County into the city that's called the
8 West Roseville Specific Plan, 3,800 acres around that
9 site. That will be all west. I don't know if you're
10 familiar with the Roseville area. It's all west of where
11 Roseville is at out toward the county line. And all of
12 the arteriole streets throughout that whole development
13 will be required to have rubberized asphalt.

14 CHAIRPERSON MARIN: We like that a lot.

15 MR. BOSIK: Thank you.

16 CHAIRPERSON MARIN: Okay. They get brownie
17 points, gold star. Good. Good.

18 COMMITTEE MEMBER PEACE: And you residents can
19 they tell a difference?

20 MR. BOSIK: Pardon?

21 COMMITTEE MEMBER PEACE: Can they tell a
22 difference?

23 MR. BOSIK: Yeah. It's obvious. When you get a
24 rubberized street out there that -- I think somebody else
25 mentioned that the sound is just greatly reduced and the

1 maintenance is reduced on the street. I've been looking
2 at rubberized asphalt for 20 years myself. And I got --
3 this is great. I don't really have my hand in it, but I
4 love to see them do it.

5 CHAIRPERSON MARIN: That's awesome. That's
6 awesome. Wow.

7 COMMITTEE MEMBER PEACE: And the C&D Ordinance,
8 do they already have one? Is that what's not in there?

9 MR. BOSIK: Our C&D Ordinance right now is mainly
10 based around just rubberized asphalt.

11 COMMITTEE MEMBER PEACE: Aren't you doing a lot
12 of building?

13 MR. BOSIK: Lots of building.

14 COMMITTEE MEMBER PEACE: But you don't have C&D?

15 MR. BOSIK: That's part of the -- we hauled
16 everything to our regional Materials Recovery Facility.
17 This is what I started to say, the new contract that
18 became effective July -- first week before last is a
19 greatly increased C&D diversion from the contractor. So
20 he's expanding his floor space and his facilities --
21 actually, our facilities -- but he's expanding it. And
22 we've put in. -- implemented a reduced tipping fee to give
23 people an incentive to come out there.

24 We also have that asphalt and concrete recycling
25 plant that I mentioned right across the street from the

1 corporation yard that does well over 100,000 tons a year
2 of concrete and asphalt.

3 CHAIRPERSON MARIN: One of the things that we
4 would love to see the City of Roseville, with all of the
5 great things that you are doing, is to have a C&D
6 Ordinance.

7 MR. BOSIK: We can do that.

8 CHAIRPERSON MARIN: We really would appreciate
9 that, because we know it works. And it's just like we
10 know that BRAC works, we know C&D Ordinances work. And
11 somebody is trying to slap you around from the back.

12 MR. BOSIK: He just reminded me of one other
13 requirement that we have in the West Roseville Specific
14 Plan is a 50 percent diversion of all the contractors as
15 well as the developers for any construction and demolition
16 that goes on in the West Plan itself.

17 CHAIRPERSON MARIN: That's good.

18 MR. BOSIK: So we did start --

19 CHAIRPERSON MARIN: So you do have -- well --

20 MR. BOSIK: -- the C&D ordinance there. And we
21 didn't put it on citywide yet, but it is in the West
22 Roseville Plan.

23 CHAIRPERSON MARIN: Okay. So does this qualify
24 for a C&D Ordinance?

25 COMMITTEE MEMBER PEACE: Can you expand it to the

1 whole city.

2 MR. BOSIK: Yeah. We haven't gotten the whole
3 city yet, but we can easily do that.

4 CHAIRPERSON MARIN: Okay. Yeah, can we make that
5 requirement then.

6 MR. BOSIK: Okay.

7 CHAIRPERSON MARIN: We appreciate that.

8 MR. BOSIK: You bet.

9 COMMITTEE MEMBER PEACE: A recycled content
10 procurement policy, do you have one of those?

11 MR. BOSIK: We don't have one of those. Our
12 purchasing department doesn't have one of those.

13 CHAIRPERSON MARIN: We'll ask you to have one of
14 those too. But we do appreciate you coming and appreciate
15 you taking all of the time. And do you know that
16 gentleman?

17 MR. BOSIK: Kyle?

18 CHAIRPERSON MARIN: Yes.

19 MR. BOSIK: Oh, yeah. He's a good guy to work
20 with.

21 CHAIRPERSON MARIN: He is?

22 (Laughter.)

23 MR. BOSIK: I like him. He's fun. He's from
24 Colfax.

25 (Laughter.)

1 CHAIRPERSON MARIN: Well, he's going to take all
2 the credit for you guys doing very, very well.

3 MR. POGUE: Absolutely not. These guys are doing
4 a good job.

5 CHAIRPERSON MARIN: Yeah. He's a good guy.

6 MR. BOSIK: Thank you.

7 CHAIRPERSON MARIN: Thank you very much. What
8 are we going to do with San Benito though?

9 MR. POGUE: San Benito does not have a
10 representative here and they were not able to attend
11 because of the CRRA conference.

12 CHAIRPERSON MARIN: Right, right. Do we have any
13 questions that maybe Mr. Pogue can answer correctly or
14 indirectly for the city and what do we want to do?

15 COMMITTEE MEMBER PEACE: I already asked them to
16 do a C&D Ordinance, so we're going to do that.

17 COMMITTEE MEMBER WASHINGTON: I understand that
18 they have a bunch of problems based on political issues
19 and --

20 CHAIRPERSON MARIN: Do they?

21 COMMITTEE MEMBER WASHINGTON: -- contractual
22 problems.

23 MR. POGUE: I'm going to defer any questions you
24 guys have to Terri Edwards from our staff. She can
25 answers those.

1 COMMITTEE MEMBER WASHINGTON: The C&D was placed
2 on hold.

3 MS. EDWARDS: Yeah, and there was a moratorium.
4 It's anticipated that that will be lifted in 2006/2007.
5 They are going to continue working on this C&D Ordinance
6 with our assistance. We will be reviewing the Ordinance,
7 and they'll implement it for the cities that are not under
8 the moratorium, but once the full moratorium is lifted,
9 the C&D Ordinance will go out to the entire regional
10 agency.

11 And I also wanted to mention that it doesn't -- I
12 was looking into the PARIS programming, and it doesn't
13 have the procurement policy program listed, but they did
14 adopt a policy in 2003. And it will show up in the 2003
15 notes.

16 CHAIRPERSON MARIN: Okay.

17 MS. EDWARDS: So I wanted to make that -- and I
18 also wanted to extend our apologies, they are very sorry
19 about the scheduling conflict.

20 CHAIRPERSON MARIN: I know. They actually -- the
21 CRRA made sure or made sure that I knew that they were
22 very apologetic for having the conference on the same week
23 and the three days of our committee meetings. So they say
24 that when they plan their next conference, they're going
25 to check with us for --

1 MS. EDWARDS: That's great.

2 CHAIRPERSON MARIN: -- to make sure that it
3 doesn't conflict. It was a very good conference.

4 Okay, what's your pleasure?

5 COMMITTEE MEMBER PEACE: I'm okay with it.

6 COMMITTEE MEMBER WASHINGTON: And also, Madam
7 Chair, I understand that they left out their school
8 recycling in the first SB 1066 extension.

9 MS. EDWARDS: Right. They had a lot of work to
10 do with the first 1066. And if you look at their
11 diversion rates, you'll see that they made a lot of
12 progress. And this is their final thing that they need to
13 tackle.

14 CHAIRPERSON MARIN: Final push. Okay. Is there
15 a motion?

16 COMMITTEE MEMBER PEACE: I'd like to move
17 Resolution 2005-175, revised.

18 COMMITTEE MEMBER WASHINGTON: Second.

19 CHAIRPERSON MARIN: Okay. Moved and seconded.
20 Without objection, that will be the pleasure of the
21 Committee and substitute the previous roll call and we
22 will go to the next item item. And put this on consent.

23 Let me see, I believe on this particular one
24 we'll take Item number 24 first and then we'll take Item
25 23.

1 They're related.

2 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:

3 Madam Chair, if it's all right with you we've prepared a
4 batched presentation for this one. So do you want us to
5 give the joint presentation the way we prepared it?

6 CHAIRPERSON MARIN: Yeah. Go ahead. Good.

7 Good. Good.

8 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:

9 First of all, Item 24 is Consideration of a Request to
10 Change the Base Year to 2003 for the Previously Approved
11 Source Reduction and Recycling Element and Consideration
12 of the Petition for Sludge Diversion Credit for the City
13 of Murrieta, Riverside County.

14 Item 23, Consideration of the Application for an
15 SB 1066 Time Extension by the City of Murrieta, Riverside
16 County.

17 Melissa Vargas will present.

18 CHAIRPERSON MARIN: Ms. Vargas.

19 MS. VARGAS: Good afternoon, Committee Members.

20 Board staff has reviewed and verified the City's request
21 to establish a new base year and a request for time
22 extension to meet their AB 939 goal. And we are
23 recommending approval of these 2 agenda items.

24 Representatives from the City of Murrieta are
25 here to answer any questions.

1 This concludes my presentation.

2 CHAIRPERSON MARIN: Oh, that was fast. Okay,
3 who's here from the city of Murrieta?

4 I love your city, but not at this time.

5 (Laughter.)

6 MR. VOLLBRECHT: Thank you, Madam Chair. Al
7 Vollbrecht the Administrative Services Manager for the
8 City, and we love it, too.

9 CHAIRPERSON MARIN: Good. Okay. Item 24, I know
10 it's for the 2 of them. But the petition for the sludge
11 diversion, how many -- I know this is for biomass credit.
12 How many points is that going to get us? Is that 13
13 points is that what I'm --

14 MS. CRUZ: No, only 4 percent for the biomass.

15 CHAIRPERSON MARIN: Four percent.

16 MS. CRUZ: Right.

17 CHAIRPERSON MARIN: Okay. And --

18 OFFICE OF LOCAL ASSISTANCE BRANCH MANAGER MORGAN:
19 And sludge is 1 percent.

20 CHAIRPERSON MARIN: Okay. So tell us a little
21 bit about Murrieta and why do you need all of this and
22 what are you going to do to get us all the 50 percent in
23 less than 30 seconds.

24 (Laughter.)

25 MR. VOLLBRECHT: Mainly concentrate, as you'll

1 notice in the time extension, on the C&D problem. And we
2 also are trying to do something unique in terms of public
3 education. We've had the opportunity to do a new contract
4 with our waste hauler about the same time the base year
5 process was going on, so we're more aware of where we
6 needed to focus efforts and we've taken a little bit
7 different approach. Our municipal code already requires
8 our builders to go through our waste hauler and our
9 contract to the franchise hauler.

10 And they've never done it. So it's been
11 primarily an enforcement issue. So our application deals
12 in large measure with things we've established through a
13 contractual relationship. The hauler, for example, is
14 going to fund a special code enforcement officer position
15 for 3 years to force these people into the waste stream.

16 Also, we'll deal with some degree with
17 anti-litter efforts. And we need to do some special
18 things with public education. We are going to jointly
19 fund that, and try to do something beyond the norm here,
20 do something unique and innovative to get the attention of
21 residential users of the system.

22 Our hauler also has agreed contractually to set
23 up a source reduction program for the sites, and building
24 sites. As you're probably aware, we're a very high growth
25 area, very high residential growth. And also is underway

1 in getting permits from the City of Moreno Valley to
2 retrofit what was originally built as a MRF, abandoned and
3 then more lately used as a transfer station. They're
4 going to retrofit that to do a C&D MRFing there and
5 probably with some adjacent land they want to acquire by
6 El Sobrante Landfill.

7 So we'll have kind of a 2-pronged approach, a
8 site separation and then, you know, going a step beyond
9 into the separation at the MRF.

10 We've got quite a bit of activity, but we've done
11 it a little bit differently in that we had the opportunity
12 to work through the contract to put these programs in
13 place. They also have last year permitted crushing of
14 facility for asphalt and concrete, which is preparing to
15 open its doors any day. And if we get as much bounce out
16 of that as the neighboring city did, we should have quite
17 a substantial increase in our diversion. We're looking at
18 a permitting on a second such facility as well.

19 We are in kind of a unique situation where we
20 have a 1990 base year, stick to the base year, but we
21 didn't incorporate until 1991. And that has throughout
22 the years been a real problem for us. We've been forced
23 in large measure to use county default numbers, which come
24 no where near reflecting our unique growth and the formula
25 probably never will.

1 So I think, you know, we reached the somewhat
2 painful conclusion we had to do this new base year
3 application. We put it off thinking we'd get there
4 without it, and it hasn't worked, because the formula
5 doesn't work for us. So your board staff, and I would
6 echo what a gentleman said earlier -- we've had the
7 opportunity to get to know Cara quite well and Kaoru, and
8 Melissa was on leave, so -- and even Pat Schiavo. And
9 they've been very good to work for and it's -- work with.
10 We don't work for them. Sometimes we feel we do.

11 CHAIRPERSON MARIN: Oh, are you sure now?

12 (Laughter.)

13 MR. VOLLBRECHT: I'm sure. But it was a
14 refreshing experience, because it was kind of contrary to
15 a previous experience we had. You know, they're both
16 enforcers and helpers, and it's kind of a strange
17 arrangement there. But we've enjoyed getting to know them
18 and that they helped us a great deal with our problems.

19 CHAIRPERSON MARIN: Well, they know what
20 cities -- they know the unique circumstances of cities.
21 And we have a wealth of expertise. I marvel every time,
22 whenever we have a situation, there's somebody in our
23 staff that has already dealt with that similar situation
24 somewhere else.

25 And, you know, I cannot emphasize enough to

1 cities that, you know, that let us help you. You know,
2 it's in our best interests that you succeed. We want you
3 to reach 50 percent. And we know how to do it. We know
4 what it takes, but the cities have to make the commitment.

5 MR. VOLLBRECHT: No, we heard the message from
6 one of your colleagues so we took her up on the offer.

7 CHAIRPERSON MARIN: Good.

8 MR. VOLLBRECHT: And before Ms. Peace asks the
9 question, we've never had a formal procurement policy. We
10 have done it informally. We've, for many years, required
11 in our bid specs that recycled content materials be used
12 for print matter. We tried it in our copy machines about
13 about 8 years, and it was a disaster. But I understand
14 products are a lot better now. But we do have a
15 procurement policy going into effect next week.

16 CHAIRPERSON MARIN: How appropriate.

17 MR. VOLLBRECHT: It was one of the models we got
18 off your web site, in fact.

19 COMMITTEE MEMBER PEACE: That's great.
20 Wonderful. But have you heard about the City of Roseville
21 that RAC paved roads are great too. So something else to
22 think about when you're doing it.

23 MR. VOLLBRECHT: We have, on 2 occasions, used
24 rubberized asphalt in major streets. We don't have a
25 policy on it per se, but we've tried it. We also tried

1 using recycled concrete and blacktop. Since we're a new
2 city, we don't often get into the situation of redoing
3 streets yet. Although, they're all going to hit us at the
4 same time, I'm afraid, down the road. But we do have an
5 old core of the city that we just recently renovated.
6 Part of old Highway 395 was still under that street. It
7 was concrete.

8 So we had 2 streets basically to dig up and that
9 was all crushed. And that was reused in the base along
10 the sides of the road. And engineers, a lot of times,
11 resist using that under the road itself, particularly if
12 there's a lot of utilities there and they don't think it's
13 a stable base. But you can use it off to the side on
14 rights of way and we have done that.

15 CHAIRPERSON MARIN: Good. You should know that
16 this Board is, especially next year, is following -- we're
17 going to have -- well this year and the next -- a huge
18 push for cities, and other entities, cities, counties
19 joint districts to purchase RAC. We're going to have more
20 money available. So make sure that when the grants come
21 up, if you guys are going to repave, that you use RAC.
22 And this state -- I mean, the Board will have grants
23 available for that.

24 MR. VOLLBRECHT: Well, that will be good.

25 CHAIRPERSON MARIN: Yeah. See when you come

1 before us you get goodies back.

2 MR. VOLLBRECHT: You get money.

3 (Laughter.)

4 CHAIRPERSON MARIN: You get money. Thank you
5 very much for taking the time. Thank you for staying so
6 late after lunch. And without any further questions, is
7 there a motion?

8 COMMITTEE MEMBER WASHINGTON: Can I. --

9 CHAIRPERSON MARIN: No questions to you

10 COMMITTEE MEMBER WASHINGTON: Can I move both of
11 these resolutions since we took them up together?

12 MS. EDWARDS: (Nods head.)

13 COMMITTEE MEMBER WASHINGTON: All right. Madam
14 Chair, I'd like to move adoption of Resolution 2005-176,
15 as well as Resolution 2005-177.

16 CHAIRPERSON MARIN: Okay. Is there a second?

17 COMMITTEE MEMBER PEACE: Second.

18 CHAIRPERSON MARIN: Moved and seconded. Without
19 objection, that will be the order, and it will go on
20 consent.

21 Anything more?

22 Is anybody hungry?

23 Thank you so very much. And I know the baby is
24 probably very, very hungry.

25 Okay, thank you very much. We'll see you next

1 week.

2 Thank you for lots of work.

3 Thank you.

4 (Thereupon the California Integrated Waste

5 Management Board, Sustainability

6 and Market Development Committee meeting

7 adjourned at 1:30 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California Integrated Waste Management Board,
7 Sustainability and Market Development Committee meeting
8 was reported in shorthand by me, James F. Peters, a
9 Certified Shorthand Reporter of the State of California,
10 and thereafter transcribed into typewriting.

11 I further certify that I am not of counsel or
12 attorney for any of the parties to said meeting nor in any
13 way interested in the outcome of said meeting.

14 IN WITNESS WHEREOF, I have hereunto set my hand
15 this 18th day of July, 2005.

16

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19

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23 JAMES F. PETERS, CSR, RPR
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